

AGENDA

DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION

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(Contact person: J. Ben Watkins III - 488-4782)

The Capitol

March 6, 2014

This meeting is open to the public.

1. Approval of minutes of the meeting of January 22, 2014.

Attachment #1

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

- A. \$267,405,000, Department of Transportation Turnpike Revenue Bonds, Series 2013C.

Bids were received at the office of the Division of Bond Finance on January 15, 2014. The bonds were awarded to the low bidder, Bank of America Merrill Lynch, which submitted a bid at an annual true interest cost rate of 3.7936%. The bonds were delivered on February 6, 2014.

Of the \$267,405,000 of bonds sold, \$169,220,000 (63%) will be used to finance capital improvements to the turnpike system and \$98,185,000 (37%) will be used to refund a portion of the outstanding Series 2004A Bonds. The interest rate on the new money bonds is 4.14%. The average interest rate on the bonds being refunded is 4.64% compared to the interest rate of 2.68% on the refunding bonds. The refunding is expected to generate gross debt service savings of \$13.3 million and present value savings of \$11.1 million, or 10.1% of the principal amount being refunded.

A report and tabulation of bids is attached.

Attachment #2

- B. \$138,145,000, Department of Transportation, Seaport Investment Program Revenue Bonds, Series 2013.

Bids were received at the office of the Division of Bond Finance on January 28, 2014. The bonds were awarded to the low bidder, J.P. Morgan Securities LLC, which submitted a bid at an annual true interest cost rate of 4.1294%. The bonds were delivered on February 20, 2014.

The bonds were issued to finance a portion of certain improvements at various seaports throughout Florida.

A report and tabulation of bids is attached.

Attachment #3

- C. \$186,170,000, State Board of Education Lottery Revenue Refunding Bonds, Series 2014A.

Bids were received at the office of the Division of Bond Finance on February 19, 2014. The bonds were awarded to the low bidder, Morgan Stanley & Co., LLC, which submitted a bid at an annual true interest cost rate of 2.1597%. The bonds will be delivered on March 20, 2014.

The bonds will be issued to refund a portion of the outstanding Series 2005A and Series 2006A Bonds. The average interest rate on the bonds being refunded is 4.93% compared to the interest rate of 2.16% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on July 1, 2015. The refunding is expected to generate gross debt service savings of \$23.7 million and present value savings of \$20.8 million, or 10.3% of the principal amount being refunded.

A report and tabulation of bids is attached.

Attachment #4

3. Adoption of resolutions authorizing the issuance and the competitive sale of \$130,000,000 Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds.

The bonds will be payable primarily from gross receipts taxes, and will be additionally secured by the full faith and credit of the State. The proceeds of the bonds will be used to refund certain outstanding Public Education Capital Outlay Bonds for debt service savings.

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

(Recommend)

4. Adoption of a resolution authorizing the issuance and the competitive sale of \$39,000,000 Board of Governors, Florida State University Dormitory Revenue Refunding Bonds.

The bonds will be payable from revenues of the housing system at Florida State University. The bonds will not be secured by the full faith and credit of the State. The proceeds of the bonds will be used to refund certain outstanding housing bonds of the University for debt service savings.

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

(Recommend)

5. Adoption of resolutions authorizing the issuance and competitive sale of \$48,000,000 Board of Governors, University System Improvement Revenue Refunding Bonds.

The bonds will be payable from capital improvement fees charged per credit hour to students enrolled at public universities in Florida. The bonds will not be secured by the full faith and credit of the State of Florida. The proceeds of the bonds will be used to refund certain outstanding bonds of the State University System for debt service savings.

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

(Recommend)

THE CABINET
STATE OF FLORIDA

Representing:

BOARD OF TRUSTEES
DIVISION OF BOND FINANCE
DEPARTMENT OF VETERANS AFFAIRS

The above agencies came to be heard before THE FLORIDA CABINET, the Honorable Governor Scott presiding, in the County Commission Chambers of the Osceola County Administration Building, Kissimmee, Florida, on Wednesday, January 22, 2014, commencing at approximately 9:24 a.m.

Reported By:

Debra Bennett Worley
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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

ADAM PUTNAM
Commissioner of Agriculture

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1 I'd like to recognize Director Ben Watkins,
2 with Division of Bond Finance, to present his
3 agenda.

4 MR. WATKINS: Good afternoon, Governor and
5 Cabinet members. Item number one is approval of
6 minutes of the December 10th meeting.

7 GOVERNOR SCOTT: Do I have a motion to
8 approve?

9 ATTORNEY GENERAL BONDI: So moved.

10 GOVERNOR SCOTT: Second?

11 CFO ATWATER: Second.

12 GOVERNOR SCOTT: Moved and seconded. Show
13 that it was approved without objection.

14 MR. WATKINS: Item number two is a report
15 on the State's debt. This is not nearly as
16 exciting as Everglades restoration and conserving
17 Family and Rural Lands, but it is important to
18 the business of the State. So if you'll bear
19 with me, I'm going to move very quickly through a
20 presentation that hits the highlights on 2013
21 debt affordability report for the State. Please
22 feel free to stop me at any point in time if
23 you'd like to -- have any questions.

24 As you know, annually we prepare a report
25 to the Legislature on the amount of State debt.

1 The report was prepared, delivered by the
2 statutory deadline, December 15th. So it's been
3 delivered to the leadership of House and Senate,
4 and the Appropriations Committee and staff have
5 been briefed on the state of the State in terms
6 of debt.

7 It's an important tool for managing the
8 State's debt. It establishes a benchmark debt
9 ratio to provide policy targets and limits
10 relative to the amount of debt that's outstanding
11 for the State.

12 The first slide simply shows you the amount
13 of State debt that's outstanding, 24.6 billion at
14 the end of fiscal 2013. The State borrows for
15 infrastructure only. Long life capital assets,
16 bricks and sticks, not for operations, and not to
17 fund operating deficits.

18 You can see the largest investment in
19 infrastructure is the blue portion for schools,
20 with nearly 60 percent of all State debt
21 outstanding invested to build schools, followed
22 by transportation; and, lastly, acquiring land
23 for conservation purposes.

24 That picture is fairly static. Doesn't
25 change very much from year to year. Because of

1 the long-term nature of debt, it's important to
2 take a long-term view to get a perspective on how
3 debt has evolved over time. And this picture
4 shows you the history of how State debt has
5 increased from 2000 to 2010. And then, most
6 importantly, a watershed event, no pun intended,
7 is a reduction in State debt in each of the last
8 three years. State debt has been reduced by 3.6
9 billion dollars. So it reverses a long-term
10 trend of annual increases in State debt.

11 And there's a new piece of information here
12 too, and that's the green trend line. In other
13 words, if we grew at the same rate we had been
14 growing from 2000 to 2010, the amount of debt
15 that we would have had outstanding at the end of
16 2013 would have been 31.2 billion dollars.

17 Relative to the amount that's actually
18 outstanding of 24.6, that would be 6.6 billion
19 dollars more in debt that we would have
20 outstanding, or 27 percent more than we currently
21 have outstanding.

22 (Applause)

23 And the one piece of information that's not
24 here is that this doesn't include the reduction
25 in the Unemployment Compensation. During the

1 financial crisis where Unemployment benefits had
2 to be paid out, we had advances from the Federal
3 Government of two billion dollars. So in
4 addition to this, the traditional State debt, we
5 had that debt outstanding to the Federal
6 Government, which has also been repaid. So the
7 news is actually even better than is depicted on
8 that chart.

9 When we ask ourselves why is the State debt
10 going outstanding, what I'm showing you is the
11 net number. It both includes the amount of debt
12 we've added in the last three years, as well as
13 the amount of debt that's been paid in the last
14 three years. So that's a net change number.

15 So to really answer the question about why
16 is debt going down, this chart is intended to
17 answer that question. So you see over the last
18 three fiscal years, the amount of debt that the
19 State has used to finance capital assets is down
20 significantly.

21 When you look at 2013, we issued about
22 \$450 million of debt. Well, relative to the
23 average annual amount of debt that we had been
24 issuing for a debt of \$2.2 billion, that's an
25 80 percent reduction in the use of debt to fund

1 State capital outlay. So that's significant as
2 well.

3 So what have we been doing? If we haven't
4 been borrowing money, what have we been doing?
5 Well, we've been taking advantage of
6 historically-low interest rates. And 2013 was no
7 exception. We executed, in principal amount,
8 refunded \$2 billion of debt to lower the interest
9 rate on outstanding debt, saving the State
10 \$515 million in avoided future interest costs.

11 And over the last four years we've
12 refinanced \$8.2 billion of debt in 54 different
13 transactions, saving the State \$1.4 billion in
14 avoided interest costs.

15 GOVERNOR SCOTT: This is all good news.

16 MR. WATKINS: All good news.

17 The next slide shows you this is important
18 from a budgetary perspective. It's how much do
19 we actually appropriate annually in order to pay
20 for the debt service on the debt that's already
21 outstanding? For money that's already been
22 borrowed, investments that have already been
23 made, money that's already been spent, it's \$2.2
24 billion.

25 And you can see the increases in annual

1 debt service mirror the increase in the amount of
2 debt that we have outstanding. And it leveled
3 off of significance here, it's leveled off at
4 \$2.2 billion. So that's what it takes in terms
5 of repaying the amount of debt that we have
6 outstanding before we do any -- before the State
7 does anything else. It's 2.2 in annual debt
8 service costs.

9 But importantly, it was flat relative to
10 the last two years. But importantly, in 2014,
11 which is the current fiscal year we're in, is
12 represented by the green bar chart. And what
13 happens is, is because of the final maturities of
14 Preservation 2000, and the combined effect of the
15 refinancing activities we've engaged in, the
16 annual debt service requirements have dropped to
17 \$1.9 billion. So it's \$300 million less in
18 appropriation to pay for the debt that's
19 currently outstanding. And that's on a recurring
20 basis. So that's a significant reduction in the
21 amount of appropriation required to pay our debt
22 service.

23 This chart is a little busy, but this is
24 sort of where it all comes together. This shows
25 you how the State is tracking in the benchmark

1 debt ratio, both on an historical basis, as well
2 as a projected basis. So the horizontal red line
3 is a seven percent policy cap, the benchmark debt
4 ratio is debt service, the amount we have to
5 appropriate annually to pay for our debt,
6 relative to the revenues that we have available
7 to pay with, expressed as a percentage. Seven
8 percent cap, policy cap, and a six percent
9 target.

10 And you can see in 2013 that benchmark debt
11 ratio has improved to 6.79 percent. So it's
12 slightly underneath the 7 percent policy cap,
13 which is the first time that we've been within --
14 underneath the policy cap in the last seven
15 years -- several years. And then when you look
16 at 2014, when we have a reduction in the annual
17 debt service requirements to a billion nine, we
18 have further significant improvement measured by
19 the benchmark debt ratio, with that coming within
20 or falling underneath the six percent target for
21 the first time in many, many years due to the
22 combined effect of lower debt service
23 requirements, as well as increasing revenues
24 because of the improvement in the State's
25 economy.

1 Page eight is intended to show -- this is
2 your eye test for the day, Governor. And just
3 summarizing what it's intended to show, these are
4 the four debt ratios that the rating agencies use
5 to evaluate the State's debt position. And this
6 is intended to show how Florida ranks with these
7 metrics that are used by the rating agencies and
8 analysts.

9 And the short answer is, that we're below
10 the national average on each of these three
11 metrics, except our benchmark debt ratio where
12 we're slightly above the national average. And
13 then what we do is compare ourselves to the ten
14 largest states which we consider our better
15 reflection of our peer group. And we are in the
16 middle of the pack, is the best way to
17 characterize that, measured by these benchmark
18 debt ratios.

19 Then another development in the world of
20 credit has been how do the rating agencies
21 evaluate pension liabilities? And how does that
22 play into their evaluation of the State's credit
23 rating? It's something that there's been an
24 increasing awareness of the financial burden that
25 can be posed by pensions, and how rating agencies

1 evaluate pension liabilities is an important
2 consideration.

3 Most fundamentally, the rating agencies,
4 there's two things. One, they make adjustments
5 to the actuarial assumptions to recalculate what
6 the liability is, and the second thing they've
7 done is to calculate ratios, which are based on
8 the traditional ratios they use to debt, which is
9 your adjusted net pension liability is a
10 percentage average of revenues, is a percentage
11 of net income, and on a per capita basis, as well
12 as relative to the State's GDP.

13 And the bottom line is that Florida
14 ranked -- has a very, very low liability, in fact
15 lower in three of the four metrics, relative to
16 our peer group. So analytically what that tells
17 me is that the State of Florida has managed its
18 pension system and its liability well, both
19 through pension reform, as well as making the
20 full required contributions recommended by the
21 actuary.

22 And the take-away from this is how the
23 pension system is managed, and how it's funded is
24 an important consideration to the credit analysis
25 and to the State's credit rating, and that is a

1 new development relative to historically how the
2 State has been evaluated from a liability
3 perspective.

4 Another important measure to the State and
5 the rating agencies are what are our level of
6 reserves? Reflecting our financial flexibility,
7 we have to deal with economic uncertainty and
8 financial contingencies. And what this does is
9 plot both unspent GR, as well as monies in the
10 budget stabilization fund, those combined
11 balances overtime. That is reflected in both
12 absolute dollars, as well as a percentage of
13 general revenue, or revenues that the State has
14 available to fund its budget with.

15 And I'm happy to report in fiscal 2013, the
16 State ended with general fund reserves of
17 3.6 billion, or 14.2 percent of revenues, which
18 is above the ten percent that the rating agencies
19 consider minimally, "minimally", adequate to have
20 for financial contingencies.

21 And lastly, on the reserve front, adequate
22 reserves are critical to maintaining the State's
23 credit rating and providing the financial
24 flexibility to respond to financial
25 contingencies.

1 Florida's credit ratings are strong. We're
2 AAA rated, which is the highest rating category
3 available by two of the rating agencies, and one
4 notch below the highest rating, AAA1, by Moody.
5 These are unchanged during 2013.

6 There were two very positive developments
7 that occurred during the course of the fiscal
8 year; one is that Fitch changed the outlook on
9 the State's rating from negative to stable. And
10 Moody published a special comment, "Florida Back
11 On Track," which had favorable ratings.

12 (Applause).

13 So summarizing, I think the title says it
14 best, "Florida Back On Track." A summary of the
15 key points embedded within Moody's report, sound
16 fiscal management, reserves are being rebuilt,
17 revenues are growing, and the economy is
18 improving.

19 (Applause)

20 The Fitch outlook, returning the State's
21 rating from negative to stable. Again, some of
22 the key points that they've embedded within that
23 rating report is, Florida's economy is
24 stabilizing, with improved financial flexibility
25 reflected through the reserves. The reserves

1 remain satisfactory and have increased over the
2 last two years, strong financial management
3 practices, and fully funding the pension
4 contribution in fiscal 2014.

5 A summary of the key, the strengths, and
6 the challenges on Florida's credit ratings. The
7 strengths are, a conservative budget and
8 financial management, stabilized economy, and
9 improved financial flexibility, with the
10 challenges recognized as maintaining adequate
11 reserves, and balancing the budget without
12 over-reliance on non-recurring revenues.

13 From a ratings perspective, management of
14 the pension fund is increasingly important and
15 does have an impact on the State's bond rating.
16 And rating agencies will continually evaluate the
17 pace of economic recovery, as well as our
18 maintaining our financial position as reflected
19 by our reserves.

20 The conclusion really, the summary of the
21 highlights that I've already reviewed with you in
22 the take-aways, the State's debt, \$24.6 billion,
23 \$3.6 billion less than it was three years ago,
24 departing fundamentally from how we have been
25 increasing debt in every year. Debt service

1 payments being reduced by \$300 million annually
2 from 2.2 billion to 1.9 billion. General fund
3 reserves at 3.6 billion are up from fiscal 2012.
4 And the State's maintaining its very strong
5 credit ratings of AAA and AA1.

6 And, lastly, management in funding of the
7 pension system and how that's integrated into the
8 credit analysis is increasingly important.

9 So that concludes the report. I'll be
10 happy to answer any questions. Thank you very
11 much for your indulgence in grinding through this
12 dense material.

13 GOVERNOR SCOTT: Thank you. It's all great
14 news. Have a great day.

15 Now I'd like to recognize Mike Prendergast
16 with Department of Veterans' Affairs.

17 MR. PRENDERGAST: Well, saving the best for
18 last is always great unless you're what stands
19 between the great news that Ben Watkins and
20 Herschel Vinyard just delivered, and lunch.

21 Good afternoon, Governor Scott, General
22 Bondi, CFO Atwater, Commissioner Putnam. Before
23 we begin our presentation, I'd like to give you
24 an update on Florida's Veterans' Hall of Fame.

25 As you know, we inducted our first class of

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE



J. BEN WATKINS III
DIRECTOR

MEMORANDUM

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

FROM: J. Ben Watkins III *JBW for*

DATE: March 6, 2014

SUBJECT: Award of \$267,405,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013C

Pursuant to authorization by the Governor and Cabinet by resolutions adopted on June 25, 2013 and September 24, 2013, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 11:00 a.m. on Wednesday, January 15, 2014.

Eight bids were received with a tabulation of such bids included herein. The low bid was from Bank of America Merrill Lynch at an annual true interest cost rate of 3.7936%. The annual true interest cost rate using the applicable Bloomberg "AA-" Transportation benchmark interest rate scale for the day of the sale was 4.04%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to such low bidder as authorized. The bonds were delivered on February 6, 2014.

Of the \$267,405,000 of bonds sold, \$169,220,000 (63%) will be used to finance capital improvements to the turnpike system and \$98,185,000 (37%) will be used to refund a portion of the Series 2004A Bonds. The interest rate on the new money bonds is 4.14%. The average interest rate on the bonds being refunded is 4.64% compared to the interest rate of 2.68% on the refunding bonds. A portion of the bond proceeds will be invested with the State Treasury and will be used to redeem the refunded bonds on July 1, 2014. The refunding is expected to generate gross debt service savings of \$13.3 million and present value savings of \$11.1 million, or 10.1% of the principal amount being refunded.

The bonds are dated February 6, 2014, with interest payable July 1, 2014, and semiannually on each January 1 and July 1 thereafter. The bonds consist of serial bonds maturing on July 1 in the years 2014 through 2043.

Debt service payments for the bonds are secured by the net revenues derived from the operation of the turnpike system and are on a parity with the outstanding Turnpike Revenue Bonds, Series 2004A through 2013B. The bonds are not secured by the full faith and credit of the State of Florida.

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

BID TABULATION

<u>Bidder</u>	<u>Annual True Interest Cost Rate</u>
Bank of America Merrill Lynch	3.7936%
J.P. Morgan Securities LLC	3.7984%
Citigroup Global Markets Inc.	3.8012%
Wells Fargo Bank, National Association	3.8069%
Barclays Capital Inc.	3.8333%
William Blair & Company, LLC	3.8404%
Goldman, Sachs & Co.	3.8557%
Morgan Stanley & Co, LLC	3.8796%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
07/01/14	1,110,000	5.00%	0.20%
07/01/15	8,985,000	5.00	0.33
07/01/16	9,430,000	5.00	0.45
07/01/17	9,905,000	5.00	0.70
07/01/18	10,400,000	5.00	1.08
07/01/19	10,920,000	5.00	1.44
07/01/20	11,470,000	5.00	1.91
07/01/21	12,040,000	5.00	2.29
07/01/22	12,645,000	5.00	2.60
07/01/23	13,275,000	5.00	2.85
07/01/24	13,940,000	5.00	3.19
07/01/25	14,640,000	5.00	3.42
07/01/26	15,365,000	5.00	3.61
07/01/27	5,060,000	5.00	3.80
07/01/28	5,310,000	5.00	3.95
07/01/29	5,575,000	4.00	3.93
07/01/30	5,800,000	4.00	4.00
07/01/31	6,030,000	4.00	4.09
07/01/32	6,270,000	4.00	4.18
07/01/33	6,525,000	4.125	4.25
07/01/34	6,790,000	4.125	4.31
07/01/35	7,070,000	4.25	4.37
07/01/36	7,375,000	4.25	4.42
07/01/37	7,685,000	4.375	4.47
07/01/38	8,020,000	4.375	4.50
07/01/39	8,375,000	4.375	4.53
07/01/40	8,740,000	4.50	4.56
07/01/41	9,135,000	4.50	4.59
07/01/42	9,545,000	4.50	4.61
07/01/43	9,975,000	4.50	4.62



STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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GOVERNOR
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ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

J. BEN WATKINS III
DIRECTOR

MEMORANDUM

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

FROM: J. Ben Watkins III *JBW*

DATE: March 6, 2014

SUBJECT: Award of \$138,145,000 State of Florida, Department of Transportation Seaport Investment Program Revenue Bonds, Series 2013

Pursuant to authorization by the Governor and Cabinet by a resolution adopted on September 24, 2013, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 10:30 a.m. on Tuesday, January 28, 2014.

Six bids were received with a tabulation of such bids included herein. The low bid was from J.P. Morgan at an annual true interest cost rate of 4.1294%. The annual true interest cost rate using the benchmark Thomson Municipal Market revenue interest rate scale for the day of the sale was 4.14%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to such low bidder as authorized. The bonds were delivered on February 20, 2014.

The bonds were issued to finance a portion of certain improvements at various seaports throughout Florida.

The bonds are dated February 20, 2014, with interest payable July 1, 2014, and semiannually on each January 1 and July 1 thereafter. The bonds consist of serial bonds maturing on July 1 in the years 2014 through 2038 and two term bonds maturing on July 1, 2041 and 2043.

The bonds are secured by and payable from motor vehicle title fees. The bonds are not secured by the full faith and credit of the State of Florida.

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

BID TABULATION

<u>Bidder</u>	<u>Annual True Interest Cost Rate</u>
J.P. Morgan Securities LLC	4.1294%
Wells Fargo Bank, National Association	4.1399%
Bank of America Merrill Lynch	4.1644%
Raymond James & Associates, Inc.	4.1769%
Citigroup Global Markets Inc.	4.1843%
Barclays Capital Inc.	4.2099%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
07/01/14	\$6,195,000	2.00%	0.15%
07/01/15	2,145,000	5.00	0.27
07/01/16	2,250,000	5.00	0.44
07/01/17	2,365,000	5.00	0.68
07/01/18	2,485,000	5.00	1.04
07/01/19	2,605,000	5.00	1.38
07/01/20	2,740,000	5.00	1.84
07/01/21	2,875,000	5.00	2.17
07/01/22	3,020,000	5.00	2.45
07/01/23	3,170,000	5.00	2.65
07/01/24	3,330,000	5.00	3.01
07/01/25	3,495,000	5.00	3.26
07/01/26	3,670,000	5.00	3.47
07/01/27	3,855,000	5.00	3.66
07/01/28	4,045,000	5.00	3.80
07/01/29	4,245,000	5.00	3.93
07/01/30	4,460,000	5.00	4.04
07/01/31	4,685,000	5.00	4.13
07/01/32	4,915,000	5.00	4.21
07/01/33	5,165,000	4.00	4.10
07/01/34	5,370,000	4.00	4.15
07/01/35	5,585,000	4.00	4.20
07/01/36	5,810,000	5.00	4.42
07/01/37	6,100,000	5.00	4.45
07/01/38	6,405,000	5.00	4.49

\$21,200,000 5% Term Bond maturing July 1, 2041 (at a yield of 4.56%)
 \$15,960,000 5% Term Bond maturing July 1, 2043 (at a yield of 4.59%)



STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
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TALLAHASSEE, FLORIDA 32308

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RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY


JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

J. BEN WATKINS III
DIRECTOR

MEMORANDUM

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

FROM: J. Ben Watkins III 

DATE: March 6, 2014

SUBJECT: Award of \$186,170,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2014A

Pursuant to authorization by the Governor and Cabinet by a resolution adopted on December 10, 2013, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 11:00 a.m. on Wednesday, February 19, 2014.

Eight bids were received with a tabulation of such bids included herein. The low bid was from Morgan Stanley & Co., LLC at an annual true interest cost rate of 2.1597%. The annual true interest cost rate using the applicable Thomson Municipal Market revenue benchmark interest rate scale for the day of the sale was 2.60%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to such low bidder as authorized. The bonds will be delivered on March 20, 2014.

The bonds will be issued to refund a portion of previously issued State of Florida, State Board of Education, Lottery Revenue Bonds, Series 2005A and Series 2006A. The average interest rate on the bonds being refunded is 4.93% compared to the interest rate of 2.16% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on July 1, 2015. The refunding is expected to generate gross debt service savings of \$23.7 million and present value savings of \$20.8 million, or 10.3% of the principal amount being refunded.

The bonds are dated March 20, 2014, with interest payable July 1, 2014, and semiannually on each January 1 and July 1 thereafter. The bonds consist of serial bonds maturing on July 1 in the years 2016 through 2025.

Debt service payments for the bonds are secured by the lottery revenues deposited to the Educational Enhancement Trust Fund on a parity with the outstanding Lottery Revenue Bonds. The bonds are not secured by the full faith and credit of the State of Florida.

The bonds have been rated AAA, A1 and A+ by Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, respectively.

BID TABULATION

<u>Bidder</u>	<u>Annual True Interest Cost Rate</u>
Morgan Stanley & Co., LLC	2.1597%
Wells Fargo Bank, National Association	2.1700%
J.P. Morgan Securities LLC	2.1804%
Bank of America Merrill Lynch	2.1914%
Citigroup Global Markets Inc.	2.2358%
Barclays Capital Inc.	2.2367%
RBC Capital markets	2.2660%
Goldman, Sachs & Co.	2.2851%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

<u>Maturity Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>
07/01/16	\$17,140,000	5.00%	0.38%
07/01/17	18,010,000	5.00	0.62
07/01/18	18,905,000	5.00	0.95
07/01/19	19,850,000	5.00	1.30
07/01/20	20,840,000	5.00	1.75
07/01/21	21,880,000	5.00	2.15
07/01/22	22,975,000	5.00	2.47
07/01/23	24,130,000	5.00	2.67
07/01/24	10,945,000	5.00	2.99
07/01/25	11,495,000	3.00	3.11

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$130,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION, PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2014 SERIES (TO BE DETERMINED).

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION:

Section 1. That this resolution is adopted pursuant to the provisions of Sections 215.61 and 215.68, Florida Statutes.

Section 2. That the Division of Bond Finance of the State Board of Administration of Florida (the "Division") is hereby authorized to issue not exceeding \$130,000,000 State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2014 Series (to be determined) (the "Bonds") in accordance with the terms, conditions and restrictions set forth in the Fifty-sixth Supplemental Authorizing Resolution adopted by the State Board of Education on February 18, 2014, with respect to the issuance of the Bonds for the purpose of refunding all or a portion of the outstanding Public Education Capital Outlay Bonds, 2004 Series B, as set forth therein.

Section 3. That this resolution shall take effect immediately upon its adoption.

ADOPTED on March 6, 2014.

A RESOLUTION AUTHORIZING THE SALE OF NOT EXCEEDING \$130,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION, PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2014 SERIES (TO BE DETERMINED).

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION:

Section 1. That this resolution is adopted pursuant to the provisions of Sections 215.61 and 215.68, Florida Statutes.

Section 2. That the Division of Bond Finance of the State Board of Administration (the "Division") is hereby authorized to sell by competitive sale, the not exceeding \$130,000,000 State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2014 Series (to be determined) (the "Bonds") in accordance with the terms, conditions and restrictions set forth in the Sale Resolution adopted by the State Board of Education on February 18, 2014, with respect to the sale of the Bonds for the purpose of refunding all or a portion of the outstanding Public Education Capital Outlay Bonds, 2004 Series B. The Director of the Division may provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders.

Section 3. That this resolution shall take effect immediately upon its adoption.

ADOPTED on March 6, 2014.

DIVISION OF BOND FINANCE
OF THE
STATE BOARD OF ADMINISTRATION
OF FLORIDA

A RESOLUTION
(THE FOURTEENTH SUPPLEMENTAL RESOLUTION)
AUTHORIZING THE ISSUANCE AND SALE OF
STATE OF FLORIDA, BOARD OF GOVERNORS,
FLORIDA STATE UNIVERSITY
DORMITORY REVENUE REFUNDING BONDS,
SERIES (TO BE DETERMINED)

March 6, 2014

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A RESOLUTION (THE FOURTEENTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED), REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE UNIVERSITY; CANCELING THE AUTHORITY FOR CERTAIN UNISSUED PREVIOUSLY AUTHORIZED BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA:

**ARTICLE I
DEFINITIONS, AUTHORITY; RESOLUTION TO CONSTITUTE CONTRACT**

SECTION 1.01. DEFINITIONS. All of the definitions contained in Article I of the Original Resolution, (as defined herein), in addition to the definitions contained herein and except to the extent inconsistent with or amended by definitions contained herein, shall apply fully to the Outstanding Bonds and the Refunding Bonds (as defined herein).

“Assistant Secretary” means an Assistant Secretary of the Division.

“Board of Governors” means the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof.

“Bond Registrar/Paying Agent” means U.S. Bank Trust National Association, New York, New York, or its successor.

“Bond Year” means, with respect to a particular Series of Bonds issued hereunder, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the

Series unless the Division selects another date on which to end a Bond Year in the manner permitted by the Code.

“**Code**” means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.

“**Director**” means the Director of the Division or any Assistant Secretary delegated authority by the Director.

“**Division**” means the Division of Bond Finance of the State Board of Administration of Florida.

“**Fourteenth Supplemental Resolution**” means this resolution authorizing the issuance and competitive sale of the Refunding Bonds.

“**Housing System**” means the student living facilities of the University which are hereby defined as and shall include the following:

(1) The University’s existing residence halls and apartments located in Tallahassee, Leon County, Florida on the Tallahassee campus of the University, including the following facilities: Broward Hall, Bryan Hall, Cawthon Hall, Degraff Hall, Deviney Hall, Dorman Hall, Gilchrist Hall, Jennie Murphree Hall, Kellum Hall, Landis Hall, McCollum Hall, Reynolds Hall, Salley Hall, Smith Hall, Ragans Hall, Traditions Hall, and Wildwood Hall; and

(2) such additional housing facilities as at some future date may be added to the Housing System.

“**Original Resolution**” means the resolution adopted on November 17, 1992 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended, as restated on July 25, 2000, as amended on October 28, 2003, and September 20, 2011, and as may be further amended from time to time.

“Outstanding Bonds” means the Outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993, the Outstanding State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A and 2005A, and the Outstanding State of Florida, Board of Governors, Florida State University Dormitory Revenue Bonds, Series 2010A, Series 2011A, and Series 2013A, as well as any Additional Parity Bonds.

“Rebate Amount” means the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess.

“Refunded Bonds” means all or a portion of the State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2005A, to be refunded by the Refunding Bonds.

“Refunding Bonds” means the State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) authorized by this Fourteenth Supplemental Resolution.

“Resolution” means the Original Resolution, as supplemented and amended through the date of this resolution.

Where the context so requires, words importing singular number shall include the plural number in each case and vice versa, words importing persons shall include firms and corporations, and the masculine includes the feminine and vice versa.

SECTION 1.02. AUTHORITY FOR THIS RESOLUTION. This Fourteenth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 215.57-

215.83, Florida Statutes (the “State Bond Act”), Section 11(d) of the Florida Constitution; Section 1010.62, Florida Statutes, and other applicable provisions of law; and Section 5.01 of the Original Resolution, and is supplemental to said Original Resolution.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Refunding Bonds by the Registered Owners, the Resolution shall be deemed to be and shall constitute a contract among the Division, the Board of Governors, the University and such Registered Owners. The covenants and agreements to be performed by the Board of Governors and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Outstanding Bonds and the Refunding Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein and herein.

**ARTICLE II
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION, TRANSFER, ISSUANCE, FORM OF BONDS, AND
AUTHORIZATION TO EXECUTE ESCROW DEPOSIT AGREEMENT**

SECTION 2.01. AUTHORIZATION OF ISSUANCE AND SALE OF REFUNDING BONDS. (A) Subject and pursuant to the provisions of the Resolution, fully registered revenue bonds of the Board of Governors to be known as “State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (or such other designation as may be determined by the Director), are hereby authorized to be issued and to be sold at competitive sale in an aggregate principal amount not exceeding \$39,000,000 on a date and at the time to be determined by the Director. The Refunding Bonds shall be sold to refund the Refunded Bonds. The Refunding Bonds may be combined with, designated the same as, and sold with any other series of Florida State University Dormitory Revenue Bonds. The maturities or

portions of maturities to be refunded shall be as determined by the Director to be in the best financial interest of the State. The redemption of the Refunded Bonds on or after their first call date is hereby authorized.

(B) The Director is hereby authorized to determine the most advantageous date and time of sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders; provided, that if no bids are received, or if all bids received are rejected, such Refunding Bonds may again be offered for sale upon reasonable notice, the timing and manner of which shall be determined by the Director. Bids for the purchase of the Refunding Bonds will be received at the office of the Division or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director.

(C) The Director is hereby authorized to publish and distribute a Notice of Bond Sale and a proposal for the sale of the Refunding Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director and shall contain such information as is consistent with the terms of the Resolution which the Director determines is in the best financial interest of the State. Any prior publication or distribution of a Notice of Bond Sale and proposal for sale is hereby ratified.

(D) The Director is hereby authorized to prepare and distribute preliminary and final official statements in connection with the public offering of the Refunding Bonds. The Director is further authorized and directed to amend, supplement or complete the information contained in the preliminary official statement, as may be needed, and to furnish such certification as to the completeness and finality of the preliminary official statement as is necessary to permit the successful bidder to fulfill its obligations under any applicable securities laws. The Chairman and Secretary of the Governing Board and the Director are hereby authorized to execute the final official

statement in connection with the public offering of the Refunding Bonds, and the execution thereof by any of the authorized individuals shall be conclusive evidence that the Governing Board has approved the form and content of the final official statement and that the final official statement is complete as of its date.

(E) The Director is hereby authorized to have up to 1,500 copies of the preliminary official statement and 3,500 copies (plus such additional copies as may be requested by the successful bidder at the expense of the successful bidder) of the final official statement relating to the public offering of the Refunding Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and Reserve Account Credit Facilities; to retain bond counsel; to make a determination that the preliminary official statement is “deemed final” for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a preliminary official statement is hereby ratified.

(F) The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said Refunding Bonds when offered, on his determination of the best proposal, as defined in the Notice of Bond Sale, submitted in accordance with the terms of the Notice of Bond Sale provided for herein, and such award shall be final. The Director or any Assistant Secretary of the Governing Board shall report such sale to the Governing Board after award of the Refunding Bonds. The Secretary or any Assistant Secretary of the Governing Board is authorized to deliver such Refunding Bonds to the purchasers thereof upon payment of the purchase price, together with any accrued interest to the date of delivery, and to distribute the proceeds of the Refunding Bonds as provided by this resolution and other proceedings authorizing the issuance of the Refunding Bonds.

(G) The Refunding Bonds shall be executed in the name of the Board of Governors by its Chair, or by such other authorized person. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Refunding Bonds. In case any one or more of the officers who shall have signed any of the Refunding Bonds shall cease to be such officer before the Refunding Bonds so signed and sealed shall have been actually sold and delivered, the Refunding Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Refunding Bonds had not ceased to hold office.

(H) A certificate as to the approval of the issuance of the Refunding Bonds, shall be executed by the facsimile signature of the Secretary of the Governing Board, an Assistant Secretary, or as otherwise provided by law.

(I) U.S. Bank Trust National Association, or its successor, is hereby designated as Bond Registrar/Paying Agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the Board of Administration and U.S. Bank Trust National Association or its successor.

(J) The Interest Payment Dates and the Principal Payment Dates for the Refunding Bonds shall be as set forth in the Notice of Bond Sale. Interest on the Refunding Bonds shall be paid by check or draft mailed on the Interest Payment Date (or, in certain cases, may be paid by wire transfer at the election of a Registered Owner, other than a securities depository, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent, provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 p.m. New York time on the Record Date shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds.

(K) The Refunding Bonds shall be dated, shall mature in such years and amounts and shall bear interest commencing on such date as set forth or provided for in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this Fourteenth Supplemental Resolution. The Refunding Bonds shall be issued in denominations of \$1,000 or any integral multiple thereof unless otherwise provided in the Notice of Bond Sale. The Refunding Bonds shall be payable at the corporate trust office of U.S. Bank Trust National Association, New York, New York, or its successor.

(L) The Refunding Bonds shall be subject to redemption as provided in the Notice of Bond Sale. The Notice of Bond Sale shall contain such redemption provisions as shall be determined by the Director to be in the best financial interest of the State. Upon election by the successful bidder as provided in the Notice of Bond Sale, a portion of the Refunding Bonds identified in such election may be designated as Term Bonds. Additionally, in lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices.

(M) The incremental increase in the Reserve Requirement, if any, attributable to the Refunding Bonds shall be funded with proceeds of the Refunding Bonds, amounts previously on deposit in a reserve account on behalf of the Refunded Bonds, a Reserve Account Credit Facility, or some combination thereof, as determined by the Director. The incremental increase, if any, in the Reserve Requirement attributable to the Refunding Bonds shall be deposited in the Reserve Account which was created pursuant to Section 4.02(B) of the Original Resolution. Amounts on deposit in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds

as may be specifically secured by the Reserve Account, and shall be applied in the manner provided in the Original Resolution.

Notwithstanding the provisions of the Original Resolution, the Reserve Account for the Refunding Bonds authorized by this Resolution shall be funded in an amount determined by the Director, which shall not exceed the Debt Service Reserve Requirement for the Refunding Bonds. Such amount may be zero. The amount of the Reserve Requirement funded from the proceeds of the Refunding Bonds shall not exceed the amount permitted under the Code.

The Reserve Requirement for the Refunding Bonds, if any, shall be deposited, as determined by the Director, in either a subaccount in the Reserve Account established for any of the Outstanding Bonds or in a subaccount in such Reserve Account which is hereby established for the Refunding Bonds. Amounts on deposit in any subaccount in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the respective subaccount, and shall be applied in the manner provided in the Resolution.

(N) Any portion of the Refunding Bonds may be issued as a separate series, provided that the Refunding Bonds of each series shall be numbered consecutively from one upward. The Refunding Bonds referred to herein may be sold separately.

(O) The Director is hereby authorized to offer for sale a lesser principal amount of Refunding Bonds than that set forth in this resolution and to adjust the maturity schedule and redemption provisions for the Refunding Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required. Any portion of the Refunding Bonds not offered shall remain authorized to be offered at a later date.

(P) The Director is authorized to provide in the Notice of Bond Sale of the Refunding Bonds that the purchase price for the Refunding Bonds may include a discount of not to exceed 3%, excluding original issue discount, if any, of the aggregate principal amount of such Refunding Bonds offered for sale.

(Q) The Chairman, Secretary and any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the execution and delivery of the Refunding Bonds, including but not limited to, contracting with a consultant to verify escrow calculations of the Refunding Bonds, retaining bond counsel to render a special tax opinion relating to the use of the proceeds from the sale of the Refunding Bonds, and providing for redemption of the Refunded Bonds. Notwithstanding anything contained in the Resolution to the contrary, it is the intent of the Division that interest on the Refunding Bonds, if issued as tax-exempt Refunding Bonds, be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to such tax-exempt Refunding Bonds, whether such requirements are now in effect, pending or subsequently enacted. The Division is hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds to comply with such requirements of federal tax law.

SECTION 2.02. AUTHORIZATION TO EXECUTE AND DELIVER AN ESCROW DEPOSIT AGREEMENT; DESIGNATION OF ESCROW AGENTS. The Chairman and Secretary or an Assistant Secretary of the Governing Board and such other officers and employees

of the Division as may be designated by the Governing Board as agents of the Division are hereby each authorized to execute and deliver an Escrow Deposit Agreement on behalf of the Division in such form as may be determined by the Director for the purpose of providing for the deposit of a portion of the proceeds of the Refunding Bonds and such other funds as determined to be necessary into an escrow deposit trust fund for the refunding of the Refunded Bonds. The escrow deposit trust fund shall be held and administered by an escrow agent acceptable to the Director as evidenced by the Director's execution of the Escrow Deposit Agreement.

SECTION 2.03. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. Except as otherwise provided in this Fourteenth Supplemental Resolution, the terms, description, execution, negotiability, redemption, authentication, disposition, replacement, registration, transfer, issuance and form of the Refunding Bonds shall be governed by the provisions of Article II of the Original Resolution, adjusted to the extent necessary to apply to the Refunding Bonds.

SECTION 2.04. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Original Resolution or this Fourteenth Supplemental Resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this section, collectively, the "Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

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

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

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

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

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant’s interest in the Refunding Bonds. Beneficial ownership interests in the Refunding Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the “Beneficial Owners.” The Beneficial Owners shall not receive Refunding Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Refunding Bonds. Transfers of ownership interests in the Refunding Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) identify another qualified securities depository or

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

ARTICLE III APPLICATION OF PROCEEDS

SECTION 3.01. APPLICATION OF REFUNDING BOND PROCEEDS. Upon receipt of the proceeds of the sale of the Refunding Bonds the Division shall transfer and apply such proceeds as follows:

(A) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, issuance, and sale of the Refunding Bonds, including a reasonable charge for the services of the Division for its fiscal services and for arbitrage rebate compliance program set-up, shall be transferred to the Division and deposited in the Bond Fee Trust Fund.

(B) Any accrued interest on the Refunding Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund, and used for the payment of interest on the Refunding Bonds.

(C) An amount necessary to fund the incremental increase in the Reserve Requirement, if any, attributable to the Refunding Bonds, to be held in reserve, shall be transferred to the Board of Administration and deposited in the Reserve Account within the Sinking Fund. Alternatively, the Division, as provided in Section 4.02 of the Original Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the Reserve Account.

(D) An amount together with the interest earnings thereon, and other amounts deposited therein which is anticipated to be sufficient to pay when due (1) the principal amount of the Refunded Bonds, (2) the amount of interest and redemption premium payable on the Refunded Bonds, and (3) the amount of fees and expenses estimated to be incurred in connection with the payment and retirement of the Refunded Bonds shall be either transferred and deposited in escrow pursuant to the terms of the Escrow Deposit Agreement or, at the discretion of the Director, deposited with the Bond Registrar/Paying Agent.

(E) Any balance of the proceeds of the Refunding Bonds after providing for the requirements of subsections (A) through (D) above shall be transferred to the Sinking Fund and used for the purposes set forth therein.

ARTICLE IV SECURITY FOR THE BONDS

SECTION 4.01. REFUNDING BONDS ON A PARITY WITH THE OUTSTANDING BONDS. The Refunding Bonds shall be issued subject to the provisions of

Sections 5.01 and 5.02 of the Original Resolution governing the issuance of Additional Parity Bonds thereunder. The Refunding Bonds shall be payable on a parity, and rank equally as to lien on and source and security for payments from the Pledged Revenues and in all other respects, with the other Outstanding Bonds.

SECTION 4.02. REFUNDING BONDS SECURED BY ORIGINAL RESOLUTION.

The Refunding Bonds shall be deemed to have been issued pursuant to the Original Resolution, as amended and supplemented by this Fourteenth Supplemental Resolution, as fully and to the same extent as the Outstanding Bonds, and all of the covenants and agreements contained in the Original Resolution, as amended and supplemented, shall be deemed to have been made for the benefit of the Registered Owners of the Refunding Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds.

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

**ARTICLE V
MISCELLANEOUS**

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Fourteenth Supplemental Resolution shall not be assignable by the Division or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board of Governors may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the

Board of Governors, to the extent that any such lease would not adversely affect the Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

SECTION 5.02. MODIFICATION OR AMENDMENT. Modification or amendment hereof shall be governed by Section 8.02 of the Original Resolution.

SECTION 5.03. CONTINUING DISCLOSURE. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Governors agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Director, in conjunction with the appropriate officer of the Board of Governors, is authorized and directed to execute and deliver any documents or agreement which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Fourteenth Supplemental Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall be deemed separable from the remaining covenants or provisions of this Fourteenth Supplemental Resolution or of the Refunding Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Fourteenth Supplemental Resolution or of the Refunding Bonds issued hereunder.

SECTION 5.05. FISCAL AGENT. Upon the sale and delivery of the Refunding Bonds by the Division on behalf of the Board of Governors, the Board of Administration shall act as the fiscal agent for the Board of Governors with respect to the Refunding Bonds.

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS. All prior or concurrent resolutions or parts of resolutions inconsistent with this resolution are hereby amended by this resolution, but only to the extent of any such inconsistency.

The authority for the issuance and delivery of the unissued portion of any previously authorized State of Florida, Florida State University Housing or Dormitory Revenue Bonds is hereby canceled, except for the authority for the issuance and sale of not to exceed \$18,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined), approved April 23, 2013, which is hereby reaffirmed.

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Resolution to offices, bodies, or agencies which have been or are superceded, replaced or abolished by law shall be deemed to refer to the successors of such offices, bodies, and agencies. Any action required or authorized to be taken by an official whose office, body, or agency has been or is so superceded, replaced, or abolished shall be taken by the successor to such official.

SECTION 5.08. CONFIRMATION OF ORIGINAL RESOLUTION. As amended and supplemented by this Fourteenth Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Fourteenth Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

SECTION 5.09. EFFECTIVE DATE. This Fourteenth Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on March 6, 2014.

A RESOLUTION OF THE DIVISION OF BOND FINANCE AUTHORIZING THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$48,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY SYSTEM IMPROVEMENT REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED); CANCELING THE AUTHORITY FOR UNISSUED PREVIOUSLY AUTHORIZED BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA:

**ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. This Resolution (hereinafter referred to as "Resolution") is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes, (the "State Bond Act"); Section 1010.62, Florida Statutes, and other applicable provisions of law.

SECTION 1.02. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

"Act" or "Acts" means the State Bond Act, being Sections 215.57-215.83, Florida Statutes, and Section 1010.62, Florida Statutes.

"Amortization Installment" means an amount so designated which is established for the Term Bonds; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to a subsequent resolution adopted by the Division of Bond Finance and the aggregate of such Amortization Installments shall equal the aggregate principal of the Term Bonds.

"Board of Administration" means the State Board of Administration, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution and Chapter 215, Florida Statutes.

"Board of Governors" means the Florida Board of Governors, a body corporate, established pursuant to Article IX, Section 7, Florida Constitution, and includes any other entity succeeding to the powers thereof.

"Bond Amortization Account" means the account within the Sinking Fund mentioned in Section 4.03(C) of this Resolution.

"Bond Counsel" means counsel experienced in matters relating to the validity of, and the tax exemption of interest on, obligations of states and their political subdivisions as selected by the Division of Bond Finance.

"Bond Insurance Policy" means an insurance policy issued for the benefit of the Registered Owners of any Bonds, pursuant to which the issuer of such insurance policy shall be obligated to pay when due the principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts held under this resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

"Bond Registrar/Paying Agent" means U.S. Bank Trust National Association, New York, New York, or its successor.

"Bonds" means the Outstanding Series 2005A Bonds, the Outstanding Series 2006A Bonds, the Outstanding Series 2008A Bonds, the Outstanding Series 2011A Bonds, the Outstanding Series 2012A Bonds, and any additional parity or refunding bonds issued on a parity therewith.

"Capital Improvement Fees" means the Capital Improvement Trust Fund Fees collected by the Board of Governors and established pursuant to Section 1009.24(8), Florida Statutes, as amended by Chapter 2012-134, Laws of Florida.

"Code" means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.

"Division of Bond Finance" means the Division of Bond Finance of the State Board of Administration of Florida.

"Fiscal Year" means the period beginning with and including July 1 of each year and ending with and including the next June 30.

"Governing Board" means the Governor and Cabinet of the State of Florida as the governing board of the Division of Bond Finance.

"Interest Payment Date" means, to the extent permitted by law, such dates of each Fiscal Year on which interest on Bonds is payable to the Registered Owners thereof, as determined pursuant to resolution of the Division of Bond Finance.

"Outstanding" means, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore canceled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;

(ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided herein;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser;

(iv) For purposes of any consent or other action to be taken hereunder by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division of Bond Finance or the Board of Governors; and

(v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

"Pledged Revenues" means the Capital Improvement Fees.

"Principal Payment Date" means, to the extent permitted by law, such dates of each Fiscal Year on which principal of Bonds is payable to the Registered Owners thereof, as determined pursuant to resolution of the Division of Bond Finance.

"Rating Agency" means a nationally recognized bond rating agency.

"Rebate Account" means the Rebate Account created and established pursuant to Section 8.06 of this Resolution.

"Rebate Amount" shall have the meaning ascribed to that term in Section 8.06 of this Resolution.

"Rebate Year" means, with respect to each series of Bonds issued hereunder, (i) the twelve-month period commencing on the anniversary of the "closing date" with respect to such series of Bonds in each year and ending on the day prior to the anniversary

of the "closing date" in the following year, except that the first Rebate Year with respect to such series of Bonds shall commence on the "closing date" for such series of Bonds and the final Rebate Year with respect to the Bonds shall end on the date of final maturity of such series of Bonds or (ii) such other period as regulations promulgated or to be promulgated by the United States Department of Treasury may prescribe. "Closing date" as used herein means, with respect to the series of Bonds issued hereunder, the date of issuance and delivery of such series of Bonds to the original purchaser thereof.

"Record Date" means each date which is 15 days prior to an Interest Payment Date.

"Refunded Bonds" means the portion of the Series 2006A Bonds to be refunded by the Refunding Bonds.

"Refunding Bonds" means the not exceeding \$48,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined), issued pursuant to this Resolution.

"Registered Owner" or any similar term, means any person who shall be the registered owner of any Bond as shown on the registration books kept by the Bond Registrar/Paying Agent.

"Reserve Account" means the account within the Sinking Fund described in Section 4.03 of this Resolution with respect to the Bonds.

"Reserve Account Credit Facility" means a Reserve Account Insurance Policy, Reserve Account Letter of Credit or other comparable insurance, guarantee, security device or financial product, if any, deposited in the Reserve Account in lieu of or in partial substitution for cash or securities on deposit or required to be on deposit therein. The issuer providing such Reserve Account Credit Facility shall be rated in one of the two highest full rating categories of a Rating Agency.

"Reserve Account Insurance Policy" means the insurance policy, surety bond or other acceptable evidence of insurance, if any, deposited in the Reserve Account, if any, in lieu of or in partial substitution for cash or securities on deposit or required to be on deposit therein. The issuer providing such Reserve Account Insurance Policy shall be an insurer rated in one of the two highest full rating categories of a Rating Agency.

"Reserve Account Letter of Credit" means the irrevocable, transferable letter of credit, if any, deposited in the Reserve Account, if any, in lieu of or in partial substitution for cash or securities on deposit or required to be on deposit therein. The issuer providing such letter of credit shall be a banking association, bank or trust company or branch thereof which shall be rated in one of the two highest full rating categories of a Rating Agency.

"Reserve Requirement" means the lesser of (a) the greatest amount of annual principal and interest, or (b) one hundred and twenty five percent (125%) of the average amount of annual principal and interest, becoming due and payable on the Bonds in any ensuing Fiscal Year pursuant to Section 4.03 of this Resolution, but in no event shall the amount funded from Bond proceeds exceed 10% of the principal amount thereof.

"Resolution" means this Resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance.

"Series 2005A Bonds" means the previously issued \$28,290,000 State of Florida, Florida Education System, University System Improvement Revenue Refunding Bonds, Series 2005A, dated September 15, 2005.

"Series 2006A Bonds" means the previously issued \$58,955,000 State of Florida, Florida Education System, University System Improvement Revenue Bonds, Series 2006A, dated May 1, 2006.

"Series 2008A Bonds" means the previously issued \$60,000,000 State of Florida, Board of Governors, University System Improvement Revenue Bonds, Series 2008A, dated December 15, 2008.

"Series 2011A Bonds" means the previously issued \$38,930,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series 2011A, dated February 24, 2011.

"Series 2012A Bonds" means the previously issued \$31,840,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series 2012A, dated June 28, 2012.

"Sinking Fund" means the fund described in Section 4.03 of this Resolution with respect to the Bonds.

"University System" means the State University System as created by Article IX, Section 7, Florida Constitution.

Where the context so requires, words importing singular number shall include the plural number in each case and vice versa, words importing persons shall include firms and corporations, and the masculine includes the feminine and vice versa.

SECTION 1.03. FINDINGS. It is hereby found, determined and declared as follows:

(A) The Board of Governors is authorized to acquire, own, construct, operate, maintain, improve and extend public buildings and facilities for use by any of the several state universities of the State of Florida, and to finance such improvements; and the Board of Governors is further authorized to pay the principal of and interest on its obligations issued to finance the construction and acquisition of such improvements.

(B) Section 5.02 of the Resolution authorizing the issuance of the Series 2006A Bonds provides for the refunding of the Series 2006A Bonds, which Refunding Bonds will be on a parity with the Bonds remaining Outstanding after such refunding.

(C) The Board of Governors, by a resolution adopted on June 19, 2008, authorized the Division of Bond Finance to issue bonds to refund any bonds secured by the Capital Improvement Fees.

(D) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue, on behalf of the Board of Governors, the Refunding Bonds to refund all or a portion of the Series 2006A Bonds (collectively, the "Refunded Bonds").

(E) Upon the issuance and delivery of the Refunding Bonds, sufficient moneys will be deposited in escrow pursuant to an escrow deposit agreement to be entered into between the Division of Bond Finance, the Board of Governors and the Board of Administration (the "Escrow Deposit Agreement") in order to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds to be refunded and to pay the fees and expenses to be incurred in connection with the payment and retirement of such Refunded Bonds, in the manner provided herein.

(F) The Pledged Revenues anticipated to be derived by the Board of Governors will be sufficient to pay the principal of and interest on all of the Refunding Bonds to be issued pursuant to this Resolution, and to make all reserve, sinking fund, and other payments provided for herein.

(G) The principal of and interest on the Refunding Bonds to be issued pursuant to this Resolution, and all of the reserve, sinking

fund and other payments provided for herein, will be payable solely from the revenues accruing to and to be received by the Board of Governors in the manner provided by this Resolution, consisting of the Pledged Revenues as herein defined. The Refunding Bonds to be issued pursuant to this Resolution shall not constitute an obligation, either general or special, or a charge against the State of Florida or any local government thereof, but shall be "revenue bonds" within the meaning of Section 11(d) of Article VII of the Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(H) The Division of Bond Finance, pursuant to the Statutes and Constitutional provisions herein cited, is authorized to issue the Refunding Bonds, on behalf of, and in the name of the Board of Governors, subject to the terms, limitations and conditions contained in this Resolution.

(I) When issued, the Refunding Bonds authorized by this Resolution will be payable on a parity with the Outstanding Series 2005A Bonds, the Outstanding Series 2006A Bonds, the Outstanding Series 2008A Bonds the Outstanding Series 2011A Bonds, and the Outstanding Series 2012A Bonds and will be secured by a lien on the Pledged Revenues.

(J) Pursuant to Article VII, Section 11(d) of the Florida Constitution and the Act, the Division is authorized to issue revenue bonds on behalf of state agencies and payable solely from funds derived directly from sources other than state tax revenues, without the vote of electors, in the manner provided by law.

(K) The principal of, interest on, and premium, if any, on the Refunding Bonds will be paid from the receipts of the Pledged Revenues.

(L) Pursuant to the statutes and constitutional provisions herein cited, including Sections 215.59, 215.64, and 215.79, Florida Statutes, the Division of Bond Finance is authorized to issue revenue bonds, including the Refunding Bonds, for the purpose of refunding any Outstanding Bonds, in the name of the Board of Governors, subject to the terms, limitations and conditions contained in this resolution.

(M) Pursuant to Section 215.64(6), Florida Statutes, any resolution or proceeding had or taken by the Division of Bond Finance on behalf of the Board of Governors shall be deemed to be the resolution or proceeding of the Board of Governors as fully and to the same extent as if the Board of Governors had originally adopted such resolution or other proceeding.

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Refunding Bonds by the Registered Owners who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board of Governors and such Registered Owners. The covenants and agreements to be performed by the Board of Governors shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Refunding Bonds, as defined herein, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Refunding Bonds over any other thereof, except as expressly provided therein or herein.

**ARTICLE II
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUANCE OF REFUNDING BONDS**

SECTION 2.01. AUTHORIZATION OF REFUNDING BONDS. Subject and pursuant to the provisions of this Resolution, revenue bonds of the Board of Governors to be known as "State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined)", or such other series designation as may be deemed appropriate by the Director of the Division of Bond Finance, are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Governors in the aggregate principal amount of not exceeding \$48,000,000, for the purpose of refunding the Refunded Bonds. The maturities or portions of maturities to be refunded shall be as determined by the Director of the Division of Bond Finance to be in the best financial interest of the State. The redemption of the Refunded Bonds on or after their first call date is hereby authorized. The Refunding Bonds are payable on a parity with the Outstanding Series 2005A, Series 2006A, Series 2008A, Series 2011A Bonds and Series 2012A Bonds, and are secured by a lien on the Pledged Revenues.

SECTION 2.02. DESCRIPTION OF REFUNDING BONDS. The Refunding Bonds shall be issued in such principal amount, shall bear interest at such rate or rates, shall be dated, shall be subject to redemption and/or shall mature on such date or dates and in such years and amounts, and shall contain such other terms as shall be provided by resolution of the Division of Bond Finance prior to the sale of said Refunding Bonds. The Refunding Bonds shall be numbered consecutively from one (1) upward within each series of Refunding Bonds sold and shall be in the denomination of \$1,000 each, or any integral multiples thereof. The Refunding Bonds shall bear interest at not exceeding the maximum rate allowed by law.

The Refunding Bonds may be sold at one time or in multiple series as the Division of Bond Finance shall determine upon

consultation with the Board of Governors. If issued in multiple series, each series shall have an identifying number.

The Refunding Bonds shall be issued in fully registered form without coupons, shall be payable with respect to both principal and interest in lawful money of the United States of America, shall be payable with respect to principal at the offices of the Bond Registrar/Paying Agent, and shall bear interest from their date at a rate not exceeding their legal rate per annum, with interest mailed to the Registered Owner thereof by the Bond Registrar/Paying Agent at the address shown on the registration books of the Board of Governors held by the Bond Registrar/Paying Agent, or in certain cases made by wire transfer as provided by subsequent resolution.

SECTION 2.03. PRIOR REDEMPTION OF BONDS. The Refunding Bonds may be made redeemable in such manner and upon such terms and conditions as may be determined pursuant to a resolution adopted by the Division of Bond Finance prior to the sale of the Refunding Bonds.

Unless waived by any Registered Owner of any Refunding Bond to be redeemed, a notice of the redemption prior to maturity of any of the Refunding Bonds shall be mailed to each Registered Owner of record as of the Record Date, of the Refunding Bonds to be redeemed, by first class mail (postage prepaid), or other method at least as fast as first class mail, at least thirty days prior to the date of redemption. In lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices. Such notice of redemption shall specify the CUSIP number and the serial or other distinctive numbers or letters of the Refunding Bonds to be redeemed, if less than all, the date fixed for redemption, the redemption price thereof, and, in the case of Refunding Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure to give any such notice by mailing (or other approved method) to any Registered Owner of Refunding Bonds, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Refunding Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been given, whether or not the Registered Owner of such Refunding Bond receives such notice.

The Bond Registrar/Paying Agent shall not be required to issue, transfer or exchange any Refunding Bond selected for redemption during a period beginning at the opening of business on

the Record Date applicable to such redemption and ending on the date fixed for redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the Refunding Bonds or portions of Refunding Bonds so called for redemption shall, on the redemption date designated in such notice, be due and payable at the redemption price provided for redemption of such Refunding Bonds or portions of Refunding Bonds on such date. On the date so designated for redemption, notice having been given and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board of Administration, or the Bond Registrar/Paying Agent, in trust for the Registered Owners of the Refunding Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the Refunding Bonds or portions of Refunding Bonds so called for redemption shall cease to accrue, such Refunding Bonds and portions of Refunding Bonds shall cease to be Outstanding under the provisions of this Resolution and shall not be entitled to any lien, benefit or security under this Resolution, and the Registered Owners of such Refunding Bonds or portions of Refunding Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for such purpose and, to the extent provided herein to receive Refunding Bonds for any unredeemed portion of the Refunding Bonds. Refunding Bonds redeemed prior to maturity shall be duly canceled by the Bond Registrar/Paying Agent and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar/Paying Agent as set out below, but no defect in said further notice nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(A) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Refunding Bonds as originally issued; (ii) the rate of interest borne by each Refunding Bond being redeemed; (iii) the maturity date of each Refunding Bond being redeemed; (iv) the publication date of the official notice of redemption; (v) the name and address of the Bond Registrar/Paying Agent; and (vi) any other descriptive information needed to identify accurately the Refunding Bonds being redeemed.

(B) Each further notice of redemption shall be sent at least thirty-five days before the redemption date by certified mail, overnight delivery service, electronic mail or telecopy to

registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Refunding Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Refunding Bonds.

(C) Upon the payment of the redemption price of Refunding Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying the Bonds redeemed with the proceeds of such check or other transfer.

In case part but not all of an Outstanding Refunding Bond shall be selected for redemption, the Registered Owner thereof shall present and surrender such Refunding Bond to the Bond Registrar/Paying Agent for payment of the principal amount thereof so called for redemption, and the Bond Registrar/Paying Agent shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Refunding Bond so surrendered, a Refunding Bond or Refunding Bonds fully registered as to principal and interest.

SECTION 2.04. EXECUTION OF REFUNDING BONDS. The Refunding Bonds shall be executed in the name of the Board of Governors by its Chairman and attested to by its Vice-Chairman, or such other member of the Board of Governors as may be designated pursuant to subsequent resolution of the Governing Board of the Division of Bond Finance. The signatures required hereinabove may be facsimile signatures imprinted or reproduced on the Refunding Bonds, provided that at least one signature, which may be that of the Bond Registrar/Paying Agent, required to be placed on the Refunding Bonds shall be manually subscribed. In case any one or more of the officers who shall have signed and sealed any of the Refunding Bonds shall cease to be such officer before the Refunding Bonds so signed and sealed shall have been actually sold and delivered, such Refunding Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Refunding Bonds had not ceased to hold such office. Any Series Refunding Bond may be signed on behalf of the Board of Governors by such persons as at the actual time of the execution of such Series Refunding Bond shall hold the proper office, although at the date of such Series Refunding Bond, such person may not have held such office or may not have been so authorized.

A certificate as to the approval of the issuance of the Refunding Bonds pursuant to the provisions of the Act, in the form provided herein, shall be executed by the facsimile signature of

the Secretary or an Assistant Secretary of the Governing Board of the Division of Bond Finance.

SECTION 2.05. NEGOTIABILITY. The Refunding Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

SECTION 2.06. REGISTRATION. The Refunding Bonds shall be issued only as fully registered bonds without coupons. The Bond Registrar/Paying Agent shall be responsible for maintaining the books for the registration of and for the transfer of the Refunding Bonds in compliance with the agreement between U.S. Bank Trust National Association and the Board of Administration.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any Refunding Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Bond Registrar/Paying Agent shall deliver in the name of the transferee or transferees a fully registered Refunding Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

The principal amount of the Refunding Bonds shall be paid to the Registered Owner at his address, as it appears at 5:00 p.m. (local time, New York, New York) on the Record Date, on the registration books kept by the Bond Registrar/Paying Agent, or registered assigns on the maturity date of the Refunding Bond, unless redeemed prior thereto as provided by resolution of the Division of Bond Finance or the Board of Governors, upon presentation and surrender of the Refunding Bonds at the principal office of the Bond Registrar/Paying Agent.

Interest shall be paid on the Interest Payment Dates to the Registered Owner of record whose name appears on the books of the Bond Registrar/Paying Agent as of 5:00 p.m. (local time, New York, New York) on the Record Date, by check or draft mailed from the Bond Registrar/Paying Agent to the Registered Owner or in certain cases shall be paid by wire transfer as provided by subsequent resolution of the Division of Bond Finance.

All Refunding Bonds presented for transfer, exchange, redemption or payment (if so required by the Board of Governors or the Bond Registrar/Paying Agent) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Board of Governors and the Bond Registrar/Paying Agent, duly

executed by the Registered Owner or by his duly authorized attorney.

Neither the Board of Governors nor the Bond Registrar/Paying Agent may charge the Registered Owner or his transferee for any expenses incurred in making any exchange or transfer of the Refunding Bonds. However, the Board of Governors and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses shall be paid before any such new Refunding Bond shall be delivered.

New Refunding Bonds delivered upon any transfer or exchange shall be valid obligations, evidencing the same debt as the Refunding Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Refunding Bonds surrendered.

The Board of Governors and the Bond Registrar/Paying Agent may treat the Registered Owner of any Refunding Bond as the absolute owner thereof for all purposes, whether or not such Refunding Bond shall be overdue, and shall not be bound by any notice to the contrary.

SECTION 2.07. REFUNDING BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Refunding Bond shall become mutilated, or be destroyed, stolen, or lost, the Board of Governors may in its discretion cause the issuance and delivery of a new Refunding Bond of like tenor as the Refunding Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Refunding Bond, upon surrender and cancellation of such mutilated Refunding Bond, or in lieu of and substitution for the Refunding Bond, destroyed, stolen, or lost, and upon the Registered Owner furnishing the Board of Governors or the Bond Registrar/Paying Agent proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Board of Governors may prescribe and paying such expense as the Board of Governors may incur. All Refunding Bonds so surrendered shall be canceled by the Board of Governors or the Bond Registrar/Paying Agent, as its agent. If any such Refunding Bonds shall have matured or be about to mature, instead of issuing a substitute Refunding Bond, the Board of Governors may pay the same, upon being indemnified as aforesaid, and if such Refunding Bond be lost, stolen, or destroyed, without surrender thereof.

Any such duplicate Refunding Bonds issued pursuant to this section shall constitute original, additional contractual

obligations on the part of the Board of Governors, whether or not the lost, stolen or destroyed Refunding Bonds be at any time found by anyone, and such duplicate Refunding Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Revenues as provided for herein, with all other Refunding Bonds issued hereunder.

SECTION 2.08. DESTRUCTION OF REFUNDING BONDS. Whenever any Refunding Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Refunding Bond shall either be retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Board of Governors or, at the option of the Board of Governors, shall be canceled and destroyed by the Bond Registrar/Paying Agent, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Board of Governors.

SECTION 2.09. FORM OF REFUNDING BONDS. (A) The Refunding Bonds shall be issued only as fully registered bonds without coupons in the denominations of \$1,000 or any integral multiple thereof; shall be dated and mature as determined pursuant to a subsequent resolution adopted by the Division of Bond Finance on or prior to the sale of the Refunding Bonds; shall bear interest at not exceeding the maximum lawful rate of interest authorized on the date of sale of the Refunding Bonds, payable semi-annually on July 1 and January 1 of each year; and shall be payable as to both principal and interest, shall be subject to prior redemption in the manner, shall be in the form, and shall have such other terms as set forth in a subsequent resolution or resolutions of the Division of Bond Finance.

The Refunding Bonds may be made redeemable at the option of the Division of Bond Finance upon such terms and conditions as determined pursuant to a subsequent resolution adopted by the Division of Bond Finance prior to the issuance of the Refunding Bonds.

(B) Notwithstanding anything to the contrary in this resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this subsection, collectively, the "Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) identify another qualified securities depository; or

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

SECTION 2.10. AUTHORIZATION OF NOTES. In anticipation of the issuance of the Refunding Bonds authorized by this Resolution, the issuance of bond anticipation notes of the Board of Governors in an aggregate principal amount of not exceeding \$48,000,000 (herein referred to as "Notes") is hereby authorized. The Notes shall be secured in the same manner as the Refunding Bonds and shall be subject to all provisions of this Resolution and of the applicable laws, except as to inconsistent details.

The Notes shall bear such denominations, dates of issuance and maturity, place or places of payment, provision for redemption prior to maturity, if any, rate or rates of interest and other details as the Board of Governors and the Division of Bond Finance shall determine, subject to the provisions of the State Bond Act.

SECTION 2.11. EXECUTION OF NOTES. The Notes shall be executed in the name of the Board of Governors in the same manner provided for execution of the definitive Refunding Bonds by this Resolution.

ARTICLE III APPLICATION OF PROCEEDS

SECTION 3.01. APPLICATION OF REFUNDING BOND PROCEEDS. Upon receipt of the proceeds of the sale of the Refunding Bonds the

Division of Bond Finance shall transfer and apply such proceeds as follows:

(A) The amount necessary to pay all costs and expenses of the Division of Bond Finance in connection with the preparation, issuance, and sale of the Refunding Bonds, including a reasonable charge for the services of the Division of Bond Finance for its fiscal services and for arbitrage rebate compliance program set-up, shall be transferred to the Division of Bond Finance and deposited in the Bond Fee Trust Fund.

(B) Any accrued interest on the Refunding Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund, and used for the payment of interest on the Refunding Bonds.

(C) An amount together with the interest earnings thereon, if necessary, and other amounts deposited therein which will be sufficient to pay when due (1) the principal amount of the Refunded Bonds, (2) the amount of interest and redemption premium payable on the Refunded Bonds, and (3) the amount of fees and expenses estimated by the Board of Administration to be incurred in connection with the payment and retirement of the Refunded Bonds, shall be transferred and deposited in escrow pursuant to the terms of the Escrow Deposit Agreement.

Moneys on deposit under the Escrow Deposit Agreement may be invested in either Federal Obligations or State Treasury Investments, as determined by the Director of the Division of Bond Finance. "Federal Obligations" means direct obligations of the United States of America, Resolution Funding Corporation ("REFCORP") interest strips, or direct non-prepayable obligations the principal and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. "State Treasury Investments" means investments made with the Chief Financial Officer of the State of Florida in a Special Purpose Investment Account pursuant to Section 17.61, Florida Statutes.

(D) Any balance of the proceeds of the Refunding Bonds after providing for the requirements of subsections (A) through (C) above shall be transferred to the Sinking Fund and used for the purposes set forth therein.

SECTION 3.02. REGISTERED OWNERS NOT AFFECTED BY APPLICATION OF REFUNDING BOND PROCEEDS. The Registered Owners shall not have any responsibility whatsoever for the application or use of any of

the proceeds derived from the sale of the Refunding Bonds, and the rights and remedies of the Registered Owners and their right to payment from the Pledged Revenues provided in this Resolution shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Refunding Bonds, all the covenants and agreements contained in this Resolution shall be valid and binding covenants and agreements, which may be enforced by the Registered Owners against the Board of Governors, without regard to the application of the proceeds of the Refunding Bonds.

ARTICLE IV
APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES

SECTION 4.01. BONDS SECURED BY PLEDGED REVENUES. (A) The payment of the principal of, premium, if any, and interest on all of the Bonds shall be secured forthwith equally and ratably by a valid and enforceable lien on the Pledged Revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds, and to make the payments into the Sinking Fund and all other payments provided for in this Resolution and to be received under this Resolution or the resolutions authorizing the Bonds, and such Pledged Revenues are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds and other payments provided for herein, as the same become due and payable.

(B) The Refunding Bonds shall not constitute an obligation, either general or special, of the State of Florida, or of any local government thereof, and neither the State of Florida, nor any local government thereof shall be liable thereon, nor shall the faith, revenues and credit of the State of Florida or of any local government thereon be pledged to the principal, premium, if any, or interest on the Refunding Bonds. The Refunding Bonds shall be payable solely from the Pledged Revenues as provided herein. No Registered Owner of the Refunding Bonds shall ever have the right to compel the exercise of the taxing power or legislative appropriation authority of the State of Florida, or of any political subdivision thereof, to pay the principal of such Refunding Bonds or the interest or premium thereon, or be entitled to payment of such principal, interest or premium from any other funds except such Pledged Revenues, in the manner provided herein.

SECTION 4.02. COLLECTION OF PLEDGED REVENUES. The Board of Governors shall collect the Pledged Revenues in an expeditious manner, and immediately deposit said Pledged Revenues in a trust fund administered by the Board of Governors. The Board of Governors shall administer the fund in accordance with the

provisions of this Resolution and applicable state laws. After providing for the payments required in Section 4.03, the Board of Governors may use the Pledged Revenues for any purpose authorized by law.

SECTION 4.03. SINKING FUND REQUIREMENTS. (A) In each Fiscal Year, the Board of Governors shall transmit moneys from the Pledged Revenues on deposit in the trust fund administered by the Board of Governors, to the Board of Administration for deposit in the Sinking Fund, in such amounts and at such times as will be sufficient for the following purposes:

(1) On or before a date determined pursuant to resolution of the Division of Bond Finance, an amount sufficient to pay the interest, becoming due and payable on the Bonds on the next succeeding date on which interest is due, and any prior deficiencies in payments required in this subsection.

(2) On or before a date determined pursuant to resolution of the Division of Bond Finance, an amount sufficient to pay the principal and interest becoming due and payable on the Bonds on the next succeeding date on which principal and interest are due, including any Amortization Installments, and any prior deficiencies in payments required in this subsection.

(B) The moneys in the Reserve Account shall be used for the payments provided for in Section 4.03(A) above when the other moneys in the Sinking Fund are insufficient therefor, and any withdrawals from the Reserve Account shall be restored from the first moneys available therefor from the trust fund administered by the Board of Governors pursuant to Section 4.02 after the required payments under 4.03(A) have been made or provided for. Any unused portion of the Reserve Account may be used to reduce the final installments becoming due pursuant to Section 4.03(A).

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Board of Governors may at any time cause to be deposited into the Reserve Account, a Reserve Account Credit Facility for the benefit of the Registered Owners, in an amount which, together with sums on deposit, equals the Reserve Requirement. The Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be, on or before any Interest Payment Date or Principal Payment Date on which a deficiency exists which cannot be cured by funds in any other account held for such Bonds and available for such purpose. In no event shall the use of such Reserve Account Credit Facility be permitted if it would cause, at the time of acquisition of such Reserve Account Credit Facility, an impairment in any existing

rating on the Bonds or any series of Bonds. If a disbursement is made under the Reserve Account Credit Facility, the Board of Governors shall be obligated, from the first Pledged Revenues available, to either reinstate such Reserve Account Credit Facility, immediately following such disbursement to the amount required to be maintained in the Reserve Account or to deposit into the Reserve Account from the Pledged Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility plus any amounts required to reimburse the Reserve Account Credit Facility provider for previous disbursements made pursuant to such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the amount required to be maintained.

In the event that any moneys shall be withdrawn by the Board of Administration from the Reserve Account for the payment of interest, principal or Amortization Installments, such withdrawals shall be subsequently restored from the first Pledged Revenues available after all required payments have been made as provided in paragraphs (A)(1) and (2) of this section, including any deficiencies for prior payments, unless restored by a reinstatement under a Reserve Account Credit Facility of the amount withdrawn.

Moneys in the Reserve Account shall be used only when the other moneys in the Sinking Fund available for such purpose are insufficient therefor.

(C) Upon the issuance of any additional parity Bonds under the terms, limitations and conditions as are herein provided, the payments into the several accounts in the Sinking Fund, including the Reserve Account, and, if Term Bonds are issued, the Bond Amortization Account, shall be adjusted in such amounts as shall be necessary to make the payment for the principal of, interest on and reserves for such additional parity Bonds, on the same basis as hereinabove provided, with respect to the Bonds previously issued.

SECTION 4.04. INVESTMENT OF SINKING FUND MONEYS. To the extent permitted by law, all moneys maintained at any time in the Sinking Fund under the provisions of Section 4.03 hereof may be invested and reinvested by the Board of Administration in direct obligations of the United States of America or in such other obligations as shall be permitted to be legal investments by the laws of the State of Florida; provided however, that the investments of moneys needed to meet the requirements of Section 4.03(A)(1) and (2) shall mature prior to the next ensuing Principal or Interest Payment Date for which such moneys are needed and set aside.

SECTION 4.05. TRUST FUNDS. The Sinking Fund and all moneys on deposit therein shall constitute trust funds for the purposes provided in Section 4.03 hereof, and the Registered Owners shall have a lien on such moneys until used or applied as provided in Section 4.03.

SECTION 4.06. FISCAL AGENT. Upon sale and delivery of the Refunding Bonds by the Division of Bond Finance on behalf of the Board of Governors, the Board of Administration shall act as the fiscal agent for the Board of Governors.

**ARTICLE V
ADDITIONAL PARITY BONDS AND REFUNDING REQUIREMENTS**

SECTION 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS. The Board of Governors is authorized to issue additional parity Bonds after the issuance of the Refunding Bonds authorized by this Resolution, but only upon the following terms, restrictions and conditions:

(A) The proceeds from such additional parity Bonds shall be used to acquire and construct capital improvements to the University System or to refund Bonds.

(B) All previously authorized Bonds shall have been issued and delivered, or authority for the issuance and delivery of any unissued portion thereof shall have been canceled.

(C) The Board of Administration and the Board of Governors shall each certify favorably as to the advisability of the issuance of such additional parity Bonds, and the Board of Administration, after it determines that there will be sufficient available funds from the Pledged Revenues to amortize the Bonds and the additional parity Bonds proposed to be issued, without jeopardy of such Outstanding Bonds, shall approve the fiscal sufficiency of such additional parity Bonds.

(D) A certificate shall be prepared by the Board of Governors as to the official State of Florida estimates of Pledged Revenues to be available computed to the latest date of maturity of the Bonds Outstanding as of the date of issuance of the proposed additional parity Bonds.

(E) A certificate shall be prepared by the Board of Governors setting forth; (i) the average annual amount of Pledged Revenues for the two (2) preceding Fiscal Years, as of the date of issuance of the proposed additional parity Bonds; and (ii) the average annual amount of principal and interest, computed to the latest date of maturity of the Bonds then Outstanding, which will mature

and become due thereafter on (a) Bonds Outstanding and (b) the additional parity Bonds proposed to be issued.

(F) No additional parity Bonds shall be created or issued at any time unless:

(1) The amount stated in the certificate required by Section 5.01(D) of this Resolution is equal to or greater than one hundred twenty percent (120%) of the aggregate amount of debt service as stated in the certificate required by Section 5.01(E) (ii) of this Resolution; and

(2) The amount stated in the certificate required by Section 5.01(E) (i) of this Resolution is equal to or greater than one hundred twenty percent (120%) of the amount stated in the certificate required by Section 5.01(E) (ii) of this Resolution.

SECTION 5.02. REFUNDING BONDS. Pursuant to Section 5.01 hereof, all of the Bonds, together with any additional parity Bonds theretofore issued and then Outstanding, or any portion of such Bonds, may be refunded to maturity, or prior to maturity.

If the annual debt service on the refunding Bonds in each Fiscal Year is equal to or less than the annual debt service on the refunded Bonds, then the provisions of Subsections 5.01(D), (E) and (F) hereof shall not apply to the issuance of such refunding Bonds.

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division of Bond Finance acting on behalf of the Board of Governors covenants that neither it nor the Board of Governors will issue any other obligations, except additional parity Bonds provided for in Section 5.01 hereof, or refunding Bonds provided for in Section 5.02 hereof, payable from the Pledged Revenues, nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds upon the Pledged Revenues securing the Bonds. Any such other obligations hereafter issued with a lien on the Pledged Revenues, in addition to the Bonds and such additional parity Bonds and parity refunding Bonds provided for in Sections 5.01 and 5.02 hereof, shall contain an express statement that such obligations are junior, inferior and subordinate to the Bonds and any additional parity Bonds theretofore or thereafter issued, as to lien on and source and security for payment from such Pledged Revenues.

**ARTICLE VI
COVENANTS**

SECTION 6.01. PLEDGED REVENUES COVENANTS. The Division of Bond Finance on behalf of the Board of Governors covenants:

(A) That the Board of Governors will punctually pay the Pledged Revenues in the manner and at the times provided in this Resolution and that the Board of Governors will duly and punctually perform and carry out all the covenants of the Board of Governors made herein and the duties imposed upon the Board of Governors by this Resolution, to the extent permitted by law.

(B) That in preparing, approving and adopting any budget controlling or providing for the expenditures of its funds for each budget period the Board of Governors will allocate, allot and approve the amounts sufficient to pay the annual Sinking Fund requirements due under Section 4.03 of this Resolution.

(C) That the Board of Governors will from time to time recommend and include in its budgets such revisions to the Capital Improvement Fees which will produce sums sufficient to pay, when due, the amounts required under this Resolution.

(D) That the Board of Governors will continue to collect the Capital Improvement Fees.

**ARTICLE VII
REMEDIES**

SECTION 7.01. ENFORCEABILITY BY REGISTERED OWNERS. (A) The Division of Bond Finance on behalf of the Board of Governors hereby covenants that the Board of Governors irrevocably agrees that this Resolution, including the pledge of moneys in the trust fund derived from the Capital Improvement Fees, shall be deemed to have been made for the benefit of the Registered Owners from time to time of the Refunding Bonds, and that such pledge and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner of such Refunding Bonds, against either the Board of Governors or the Board of Administration or any other agency of the State of Florida, or instrumentality thereof having any duties concerning the collection, administration and disposition of the Capital Improvement Fees. The Division of Bond Finance on behalf of the Board of Governors does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Registered Owner of Refunding Bonds for the enforcement of all provisions of this Resolution and does hereby waive, to the extent

permitted by law, any privilege or immunity from suit which the Board of Governors may now or hereafter have as an agency of the State of Florida.

(B) Any Registered Owners of the Refunding Bonds, or any trustee acting for the Registered Owners of such Refunding Bonds, may by civil action in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, and by any applicable Statutes, to be performed by the Division of Bond Finance, the Board of Governors, or the Board of Administration, or by any officer thereof, including the payment of the Pledged Revenues payable under this Resolution. Nothing herein, however, shall be construed to grant to any Registered Owner of the Refunding Bonds any lien on any facility of the Board of Governors, the Division of Bond Finance, or the Board of Administration.

(C) For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy for the Refunding Bonds shall be deemed the sole Owner of Bonds it has insured, provided that the issuer of such Bond Insurance Policy has not failed to comply with its payment obligations under the Bond Insurance Policy and the ratings on the insured Refunding Bonds, based on the Bond Insurance Policy, are no lower than the "A" category by each Rating Agency which has rated such Bonds, including any rating modifiers.

ARTICLE VIII MISCELLANEOUS

SECTION 8.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division of Bond Finance on behalf of the Board of Governors, except for the benefit of the Registered Owners.

SECTION 8.02. AMENDMENT OR MODIFICATION OF RESOLUTION. (A) Except as otherwise provided in this section, no material modification or amendment of this Resolution, or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Registered Owners of more than fifty percent in principal amount of the Bonds then Outstanding or (ii) in case less than all of the several series of Bonds then Outstanding are affected by the modification or amendment, the Registered Owners of more than fifty percent in principal amount of the Bonds of each series so affected and Outstanding at the time

such consent is given; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or affecting the unconditional promise to pay the principal of and interest on the Bonds, as the same mature or become due, or reduce the percentage of Registered Owners of Bonds required above for such modification or amendments, without the consent of the Registered Owners of all the Bonds then Outstanding.

(B) This Resolution may be amended, changed, modified and altered without the consent of the Registered Owners of the Bonds, (i) to cure any ambiguity or correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds which will not materially adversely affect the interests of the Registered Owners, (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of Bond Counsel, such issuance will not affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency, (v) to add to the covenants and agreements of the Division of Bond Finance, or the Board of Governors in the Resolution, other covenants and agreements to be observed by the Division of Bond Finance or the Board of Governors which are not contrary to or inconsistent with the Resolution as theretofore in effect, (vi) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Division of Bond Finance, or the Board of Governors which are not contrary to or inconsistent with the Resolution as theretofore in effect, (vii) to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, (viii) to enable the Division of Bond Finance and the Board of Governors to comply with their covenants, agreements and obligations under Section 8.06 of this Resolution or (ix) to make any amendment, change, modification or alteration that does not materially adversely affect the interests of the Registered Owners.

SECTION 8.03. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall

be deemed separable from the remaining covenants or provisions of this Resolution or of the Bonds.

SECTION 8.04. REFUNDING BONDS CONSTITUTE REVENUE BONDS. The Refunding Bonds shall be "revenue bonds", within the meaning of Section 11(d) of Article VII of the Florida Constitution, and shall be payable solely from funds derived directly from sources other than State tax revenues.

SECTION 8.05. NONPRESENTMENT OF REFUNDING BONDS: FUNDS HELD FOR BONDS AFTER MATURITY OF REFUNDING BONDS. In the event any Refunding Bonds shall not be presented to the Bond Registrar/Paying Agent for payment within seven years after the principal becomes due, either at maturity, or otherwise, the funds for payment of said principal on deposit with the Bond Registrar/Paying Agent shall be remitted to the Board of Administration for return to the Board of Governors for use by the Board of Governors in financing eligible capital outlay projects or for other lawful purposes. In the event the Bond Registrar/Paying Agent shall not have been able to pay the interest, either all or a portion thereof, on any Refunding Bonds within seven years after such interest becomes due, either at maturity, or otherwise, the funds on deposit with the Bond Registrar/Paying Agent for the payment of said interest shall be remitted to the Board of Administration for return to the Board of Governors for use by the Board of Governors in financing eligible capital outlay projects or for other lawful purposes. The earnings on the funds which were held to pay the principal of and the interest on said Refunding Bonds shall be governed by the agreement provided for in Section 2.06 herein.

SECTION 8.06. FEDERAL INCOME TAX COVENANTS. (A) In addition to any other requirement contained in this Resolution, the Division of Bond Finance, the Board of Governors, and the Board of Administration hereby covenant and agree, for the benefit of the Registered Owners from time to time of the Refunding Bonds, that each will comply with the requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder (the "Code") as shall be set forth in the non-arbitrage certificate dated and delivered on the date of original issuance and delivery of the Refunding Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division of Bond Finance and the Board of Governors covenant and agree:

(i) to pay or cause to be paid by the Board of Administration to the United States of America from the Pledged Revenues or any other legally available funds, at the times required pursuant to

Section 148(f) of the Code, the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Refunding Bonds, plus any income attributable to such excess (the "Rebate Amount");

(ii) to maintain and retain or cause to be maintained and retained all records pertaining to calculations of the Rebate Amount as shall be necessary to comply with the Code;

(iii) to refrain from using proceeds from the Refunding Bonds in a manner that might cause the Refunding Bonds or any portion of them, to be classified as private activity bonds under Section 141(a) of the Code; and

(iv) to refrain from taking any action that would cause the Refunding Bonds, or any of them to become arbitrage bonds under Section 148 of the Code.

The Board of Administration, the Division of Bond Finance and the Board of Governors understand that the foregoing covenants impose continuing obligations that will exist throughout the term of the issue to comply with the requirements of the Code.

(B) The Board of Governors covenants and agrees that it shall maintain and retain all records pertaining to calculations of the Rebate Amount for each series of Bonds issued hereunder and it agrees to provide such records to the Division of Bond Finance upon request for the purpose of making or having made all determinations and calculations of the Rebate Amount.

(C) The Division of Bond Finance covenants and agrees that it will make or have made all determinations and calculations of the Rebate Amount for each series of Bonds issued hereunder for each Rebate Year within sixty (60) days after the end of such Rebate Year and within sixty (60) days after the final maturity of each such series of Bonds. On or before the expiration of each such sixty (60) day period, the Division of Bond Finance shall direct the Board of Administration to deposit into the Refunding Bonds Rebate Account which is hereby created and established in the Sinking Fund, from investment earnings or moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Board of Governors an amount equal to the Rebate Amount for such Rebate Year. The Board of Administration shall use such moneys deposited in the Refunding Bonds Rebate Account only for the payment of the Rebate Amount to the United States as required by subsection (A) of this section,

and as directed by the Division of Bond Finance which payments shall be made in installments, commencing not more than sixty (60) days after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due except that the final payment shall be made within sixty (60) days after the final maturity of the last obligation of the series of Bonds issued hereunder. In complying with the foregoing, the Division of Bond Finance may rely upon any instructions or opinions from a nationally recognized bond/tax counsel.

Notwithstanding anything in this Resolution to the contrary, to the extent moneys on deposit in the Refunding Bonds Rebate Account are insufficient for the purpose of paying the Rebate Amount and other funds of the Board of Governors are not available to pay the Rebate Amount, then the Board of Governors shall pay the Rebate Amount first from Pledged Revenues and, to the extent the Pledged Revenues are insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder.

If any amounts shall remain in the Refunding Bonds Rebate Account after payment in full of all Bonds issued hereunder and after payment in full to the United States in accordance with the terms hereof, such amounts shall be paid over to the Board of Governors and may be used for other purposes authorized by law.

The Refunding Bonds Rebate Account shall be held separate and apart from all other funds and accounts and shall be subject to a lien in favor of the Registered Owners, but only to secure payment of the Rebate Amount, and the moneys in the Refunding Bonds Rebate Account shall be available for use only as herein provided.

The Division of Bond Finance, the Board of Governors, and the Board of Administration shall not be required to continue to comply with the requirements of this section in the event that the Division of Bond Finance receives an opinion of nationally recognized bond/tax counsel that (i) such compliance is no longer required in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Refunding Bonds, or (ii) compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate.

Notwithstanding any of the above, the Board of Governors' responsibilities and duties pursuant to paragraphs (A) (i), (ii), or (B) of this section may be assumed in whole or in part by the Division of Bond Finance or another entity as provided by law, administrative rule, or resolution of the Division of Bond Finance.

SECTION 8.07. DEFEASANCE. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Refunding Bonds in any one or more of the following ways:

(A) By paying the principal of and interest on Refunding Bonds when the same shall become due and payable; or

(B) By depositing with the Board of Administration certain moneys which are irrevocably pledged to the payment of the Refunding Bonds and which, together with other moneys lawfully available therefor, shall be sufficient at the time of such deposit to pay when due the principal, redemption premium, if any, and interest due and to become due on said Refunding Bonds on or prior to the redemption date or maturity date thereof; or

(C) By depositing with the Board of Administration moneys which are irrevocably pledged to the payment of the Bonds and which, together with other moneys lawfully available therefor when invested in Federal Obligations, will provide moneys (principal and interest thereof at maturity) which shall be sufficient to pay the principal, redemption premium, if any, and interest due and to become due on said Refunding Bonds on or prior to a date fixed for redemption or the maturity date thereof. Upon such payment or deposit in the amount and manner provided in this section, Refunding Bonds shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Resolution and all liability of the Board of Governors or Division of Bond Finance with respect to said Refunding Bonds shall cease, terminate and be completely discharged and extinguished, and the Registered Owners thereof shall be entitled for payment solely out of the moneys or securities so deposited.

(D) Notwithstanding the foregoing, all references to the discharge and satisfaction of Refunding Bonds shall include the discharge and satisfaction of any maturity or maturities of any Refunding Bonds, any portion of a maturity of any Refunding Bonds or any combination thereof.

(E) If any portion of the moneys deposited for the payment of the principal of and redemption premium, if any, and interest on any portion of Refunding Bonds is not required for such purpose, the Board of Governors may use the amount of such excess for any lawful purpose free and clear of any trust, lien, security interest, pledge or assignment securing said Refunding Bonds or otherwise existing under this Resolution.

(F) Nothing herein shall be deemed to require the Board of Administration or Division of Bond Finance to call any of the Refunding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Board of Administration or Division of Bond Finance in determining whether to exercise any such option for early redemption.

(G) Notwithstanding the foregoing, the covenants, liens and pledges entered into, created or imposed pursuant to this Resolution shall not be discharged and satisfied with respect to any of the Refunding Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount so paid has not been reimbursed to the issuer of such Bond Insurance Policy (or monies have not been deposited as set forth above to provide for payment of such amounts). The bond insurer shall be subrogated to the rights of the Registered Owners of Refunding Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

SECTION 8.08. NO PERSONAL LIABILITY OR ACCOUNTABILITY. No covenant or agreement contained in the Refunding Bonds or in this Resolution shall be deemed to be the covenant or agreement of any officer, agent, or employee of the State, in his or her or individual capacity and neither the officers, agents or employees of the State nor any official executing the Refunding Bonds shall be liable personally on the Refunding Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 8.09. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, be and the same are hereby repealed, revoked, and rescinded.

SECTION 8.10. AUTHORITY FOR UNISSUED BONDS CANCELED. Pursuant to Section 5.01 (B), the authority for the issuance and delivery of any unissued portion of the State of Florida, Board of Governors, University System Improvement Revenue Bonds, Series 2012A, is canceled.

SECTION 8.11. CONTINUING DISCLOSURE. (a) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Governors hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(b) The Director of the Division of Bond Finance, in conjunction with the appropriate officer of the Board of Governors, is authorized and directed to execute and deliver any documents or agreements which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

SECTION 8.12. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED March 6, 2014.

A RESOLUTION OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA AUTHORIZING THE SALE OF NOT EXCEEDING \$48,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY SYSTEM IMPROVEMENT REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED); PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA:

Section 1. All of the definitions contained in Section 1.02 of the resolution authorizing the issuance of the Refunding Bonds adopted by the Governing Board on March 6, 2014, in addition to the definitions contained herein and except to the extent inconsistent with or amended by definitions contained herein, shall apply to the same terms in this resolution.

Section 2. The not exceeding \$48,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") authorized by a resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida (the "Division") on March 6, 2014, are hereby authorized to be sold at public sale on the date and at the time to be determined by the Director of the Division. The designation of the Refunding Bonds may be changed at the discretion of the Director of the Division; such bonds may be sold and issued

in one or more series, provided that, if sold in more than one series, the designation of each series (including a change of year designation, if desirable) shall be determined by the Director of the Division. The Refunding Bonds may be sold separately or combined with any other University System bond issues authorized by the Governing Board to be sold.

Proposals for purchase of the Refunding Bonds will be received at the office of the Division, 1801 Hermitage Boulevard, Hermitage Centre, Suite 200, Tallahassee, Florida, or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director of the Division.

Section 3. The Director of the Division is hereby authorized to determine the most advantageous date and time of sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director of the Division to be appropriate to provide adequate notice to potential bidders; provided, that if no bids are received or if all bids received are rejected, such Refunding Bonds may again be offered for sale upon reasonable notice, the timing and manner of which shall be determined by the Director of the Division.

Section 4. The Director of the Division is hereby authorized to publish and distribute a Notice of Bond Sale and a proposal for the sale of the Refunding Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director of the Division

and shall contain such information as required by applicable law. Any prior distribution of a Notice of Bond Sale and proposal for sale is hereby ratified.

Section 5. The Director of the Division is hereby authorized to prepare and distribute preliminary and final official statements in connection with the public offering of the Refunding Bonds. The Director of the Division is further authorized and directed to amend, supplement or complete the information contained in the preliminary official statement, as may be needed, and to furnish such certification as to the completeness and finality of the preliminary official statement as is necessary to permit the successful bidder to fulfill its obligations under any applicable securities laws. The Chairman and Secretary of the Governing Board are hereby authorized to execute the final official statement in connection with the public offering of the Refunding Bonds, and the execution thereof shall be conclusive evidence that the Governing Board has approved the form and content of the final official statement and that the final official statement is complete as of its date.

Section 6. The Director of the Division is hereby authorized to have up to 1,500 copies of the preliminary official statement and 3,500 copies (plus such additional copies as may be requested by the successful bidder at the expense of the successful bidder) of the final official statement relating to the public offering of the

Refunding Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and reserve account credit facilities; to retain bond counsel; to make a determination that the preliminary official statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a preliminary official statement is hereby ratified.

Section 7. The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said Refunding Bonds when offered, on his or her determination of the best Proposal, as defined in the Notice of Bond Sale, submitted in accordance with the terms of the Notice of Bond Sale provided for herein, and such award shall be final. The Director or Assistant Secretary of the Division shall report such sale to this Board after award of the Refunding Bonds. The Director or Assistant Secretary of the Division are authorized to deliver such Refunding Bonds to the purchasers thereof upon payment of the purchase price, together with any accrued interest to the date of delivery, and to distribute the proceeds of the Refunding Bonds as provided by the Resolution and other proceedings authorizing the issuance of the Refunding Bonds.

Section 8. The Refunding Bonds shall be executed in the name of the Board of Governors by its Chair, and shall be attested to by its Vice-Chairman, or such other member of the Board of Governors as may be designated pursuant to subsequent resolution of the Governing Board of the Division of Bond Finance. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Bonds. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually sold and delivered, the Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office.

Section 9. Until definitive obligations are ready for delivery, there may be executed and delivered to the purchasers, in lieu of definitive obligations and subject to the same limitations and conditions, one or more temporary Refunding Bonds, in one or more denominations totaling the aggregate principal amount of the Refunding Bonds to be issued, maturing in installments and bearing interest with respect to each installment, in substantially the same tenor as otherwise herein authorized for the Refunding Bonds, and with such omissions, insertions and variations as may be required. If temporary obligations are issued, the definitive obligations will be prepared and executed and, upon presentation of temporary

obligations, the Director of the Division shall provide for cancellation of the temporary obligations and deliver to the holders thereof definitive obligations of an equal aggregate principal amount, bearing appropriate characteristics as herein authorized and as sold to the purchasers thereof. Until so exchanged, the temporary obligations shall in all respects be entitled to the same benefit and security as the definitive obligations. Interest and principal installments on the temporary obligations, when due and payable, if the definitive obligations are not then ready for exchange, shall be paid upon presentation of the temporary obligations to the Registrar/Paying Agent, and notation of such payment shall be endorsed thereon. The temporary obligations shall be in such form and denominations as shall be determined by the Director of the Division, and shall be executed by the officers who will execute the definitive obligations, which execution is hereby authorized.

Section 10. U.S. Bank Trust National Association, or its successor, is hereby designated as bond registrar and paying agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the State Board of Administration of Florida and U.S. Bank Trust National Association.

Section 11. The Interest Payment Dates and the Principal Payment Dates for the Refunding Bonds shall be as set forth in the

Notice of Bond Sale. Interest on the Refunding Bonds shall be paid by check or draft mailed on the Interest Payment Date (or, in certain cases, may be paid by wire transfer at the election of a Registered Owner, other than a securities depository, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent, provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 p.m. New York time on the Record Date shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds.

Section 12. The Refunding Bonds shall be dated, shall mature in such years and amounts and shall be subject to redemption as set forth in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this resolution. In no event, however, shall the principal amount of the Refunding Bonds exceed \$48,000,000. The Refunding Bonds shall be payable at the corporate trust office of U.S. Bank Trust National Association, New York, New York, or its successor.

Section 13. Amounts deposited into the Reserve Account attributable to the Refunding Bonds may be commingled with the amounts therein for other bonds or certificates which are on a parity with the Refunding Bonds and shall be held for the benefit

of the Registered Owners of the Refunding Bonds and such other bonds or may be held in a separate subaccount for the benefit of only the Registered Owners of the Refunding Bonds.

The reserve requirement with respect to the Refunding Bonds shall be the amount necessary to make the amount on deposit in the Reserve Account equal to the lesser of (1) the Maximum Debt Service Requirement with respect to the Refunding Bonds and all other bonds secured by the Reserve Account securing the Refunding Bonds, or (2) the maximum amount permitted under applicable provisions of the Code. The deposit to the Reserve Account made with respect to the Refunding Bonds may be funded with proceeds of the Refunding Bonds or a Reserve Account Credit Facility (as provided for in the Resolution), or some combination thereof, as determined by the Director of the Division.

Notwithstanding the provisions of the Resolution and this resolution, the Reserve Account securing the Refunding Bonds shall be funded in an amount to be determined by the Director of the Division, which amount shall not exceed the Reserve Requirement for the Refunding Bonds. Such amount may be zero. It is anticipated that the Division will issue the Refunding Bonds without making a deposit to the Reserve Account or funding a separate subaccount in the Reserve Account for the Refunding Bonds. It is hereby determined that the amendment adopted above does not have a materially adverse effect on the Registered Owners of the

Outstanding Bonds. The Registered Owners of the Refunding Bonds will have no claim to the existing Reserve Account or any subaccount therein.

Section 14. The Director of the Division is hereby authorized to offer for sale a lesser principal amount of Refunding Bonds than that set forth in this resolution and to adjust the maturity schedule and redemption provisions for the Refunding Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required. Any portion of the Refunding Bonds not offered shall remain authorized to be offered at a later date.

Section 15. The Director of the Division is authorized to provide in the Notice of Bond Sale of the Refunding Bonds that the purchase price for the Refunding Bonds may include a discount of not to exceed 3% excluding original issue discount, if any, of the aggregate principal amount of such Refunding Bonds offered for sale.

Section 16. The Chairman and Secretary and any Assistant Secretary of the Governing Board and the Director of the Division, and such other officers and employees of the Division as may be designated by this Board as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division,

in each case as they may deem necessary or desirable, in connection with the execution and delivery of the Refunding Bonds, including but not limited to, contracting with a consultant to verify escrow calculations of the Refunding Bonds, retaining bond counsel to render a special tax opinion relating to the use of the proceeds from the sale of the Refunding Bonds, and providing for redemption of the Refunding Bonds.

Section 17. Notwithstanding anything contained in the Resolution to the contrary, it is the intent of the Governing Board that interest on the Refunding Bonds be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to the Refunding Bonds, or any series thereof, whether such requirements are now in effect, pending or subsequently enacted. The Division is hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds and each series thereof to comply with such requirements of federal tax law.

Section 18. The Chairman and Secretary or an Assistant Secretary of the Governing Board and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division are hereby each authorized to execute and deliver an Escrow Deposit Agreement on behalf of the Division in such form as may be determined by the Director of the Division for the purpose of providing for the deposit of a portion

of the proceeds of the Refunding Bonds and such other funds as determined to be necessary into an escrow deposit trust fund for the refunding of the Refunded Bonds.

Section 19. All prior or concurrent resolutions or parts of resolutions inconsistent with this resolution are hereby amended by this resolution, including the Notice of Bond Sale, but only to the extent of any such inconsistency.

Section 20. This resolution shall take effect immediately.

ADOPTED on March 6, 2014.