

## AGENDA

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

To view Agenda Items click on the following link:

[DBF Agenda Materials](#)

(Contact person: J. Ben Watkins III - 488-4782)  
The Capitol, Florida  
October 25, 2016

This meeting is open to the public.

1. Approval of minutes of the meeting of September 20, 2016.

Attachment #1

2. Adoption of a resolution authorizing the issuance and the competitive sale of \$8,200,000 Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds.

The bonds will be payable from revenues of the parking system at The 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 parking bonds of the University for debt service savings.

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

(Recommend)

3. Report regarding University Direct Support Organization Debt.

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STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND  
CABINET

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CABINET MEMBERS: GOVERNOR RICK SCOTT  
ATTORNEY GENERAL PAM BONDI  
CHIEF FINANCIAL OFFICER  
JEFF ATWATER  
COMMISSIONER OF AGRICULTURE  
ADAM PUTNAM

DATE: TUESDAY, SEPTEMBER 20, 2016

LOCATION: CABINET MEETING ROOM  
LOWER LEVEL, THE CAPITOL  
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR  
COURT REPORTER

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GOVERNOR SCOTT: Good morning, and welcome to the September 20th Cabinet meeting.

To begin our meeting, I would like to welcome Sally Kate Edenfield to lead this morning's invocation.

Please remain standing after the invocation for the Pledge of Allegiance led by Evan Brown and Sebastian Alexander.

Following the Pledge, we have the National Anthem led by FSU Senior Lily Kauffman.

Sally Kate, would you like to begin?

(WHEREUPON, THE INVOCATION WAS GIVEN, THE PLEDGE OF ALLEGIANCE WAS SAID, AND THE NATIONAL ANTHEM SUNG) .

\* \* \* \*

**DIVISION OF BOND FINANCE**

1  
2  
3 GOVERNOR SCOTT: Next I'd like to recognize  
4 Ben Watkins with the Division of Bond Finance.

5 DIRECTOR WATKINS: Good afternoon, Governor  
6 and Cabinet.

7 Item 1 is approval of the minutes of the  
8 August 2nd meeting.

9 GOVERNOR SCOTT: Is there a motion on the  
10 item?

11 ATTORNEY GENERAL BONDI: So moved.

12 GOVERNOR SCOTT: Is there a second?

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Comments or objections?

15 (NO RESPONSE).

16 GOVERNOR SCOTT: Hearing none, the motion  
17 carries.

18 DIRECTOR WATKINS: Item Number 2 is a report  
19 of award, it's a three-part item:

20 Item 2A is a report of award on the  
21 competitive sale of \$211.2 million of lottery  
22 revenue refunding bonds. The bonds were awarded to  
23 the lower bidder at a true interest cost of  
24 approximately 1.46% that enables us to reduce  
25 interest rates on outstanding lottery revenue

1 bonds from 5% to 1.46%, generating gross debt  
2 service savings of 46 and a half million;  
3 present value savings of 42.6 million or 17.3%  
4 of the principal amount of the bonds being  
5 refunded.

6 Item 2B is a competitive sale of 206 million  
7 of PECO bonds. The bonds were awarded to the low  
8 bidder at a true interest cost of 2.49%. This was  
9 a combined new money issue and refunding, so the  
10 new money piece was 46.4 million, and the refunding  
11 piece was 159.6 million.

12 The new money bonds, just looking at the new  
13 money piece, the bonds were sold at a true  
14 interest cost of 2.7% and the interest rate on the  
15 refunding piece was 2.40%, so that allowed us to  
16 reduce the interest rate on outstanding bonds from  
17 4.92% to 2.4%, generating gross debt service  
18 savings of 52 million; present value savings of  
19 40.6 million or 23.1% of the principal amount of  
20 the refunded bonds.

21 And lastly, Item 2C is a report of award on  
22 the competitive sale of 159.8 million of Florida  
23 Forever Refunding Bonds. The bonds were awarded  
24 to the low bidder at a true interest cost of  
25 1.59%. That allowed us to reduce interest rates

1 from 4.94% to 1.59%, generating gross debt  
2 service savings of 36 and a half million,  
3 present value savings of 33 million, or 17.8% of  
4 the principal amount of the bonds being refused.

5 And the last item, 3, is a resolution  
6 authorizing the issuance and competitive sale of  
7 \$62 million in dormitory revenue refunding bonds  
8 for Florida Atlantic University and for debt  
9 service savings.

10 GOVERNOR SCOTT: These are refunding?

11 DIRECTOR WATKINS: Yes, sir, to reduce the  
12 interest rate.

13 GOVERNOR SCOTT: Is there a motion on the  
14 item?

15 ATTORNEY GENERAL BONDI: So moved.

16 GOVERNOR SCOTT: Is there a second?

17 CFO ATWATER: Second.

18 GOVERNOR SCOTT: Any comments or objections?

19 ATTORNEY GENERAL BONDI: Thank you for always  
20 bringing us good news.

21 DIRECTOR WATKINS: Yes.

22 GOVERNOR SCOTT: Hearing none, the motion  
23 carries.

24 Thanks, Ben.  
25

DIRECTOR WATKINS: Thank you, sir.

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

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

October 25, 2016

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**A RESOLUTION (THE NINTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING FACILITY 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 this Ninth Supplemental Resolution, as well as the Outstanding Bonds and the Refunding Bonds (as defined herein).

**“2007A Bonds”** means the State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2007A.

**“2011A Bonds”** means the State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2011A.

**“2014A Bonds”** means the State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series 2014A.

**“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.

**“Bonds”** means the Outstanding Bonds, the Refunding Bonds, and any additional parity Bonds issued in accordance with Section 5.01 of the Original Resolution.

**“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.

**“Escrow Deposit Agreement”** means the Escrow Deposit Agreement to be entered into by the Division of Bond Finance and the Board of Administration which shall govern and provide for the payment and retirement of the Refunded Bonds.

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

**“Original Resolution”** means the resolution adopted on July 21, 1992 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended and supplemented from time to time.

**“Outstanding Bonds”** means the Outstanding 2007A Bonds, 2011A Bonds, and 2014A Bonds.

**“Parking System”** shall mean (i) the University’s existing parking facilities located in Tallahassee, Florida on the Tallahassee campus of the University; (2) such additional parking facilities as at some future date may be added to the Parking System.

**“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 Series 2007A Bonds to be refunded by the Refunding Bonds.

**“Refunding Bonds”** means the State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) authorized by this Ninth 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 Ninth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Section 1010.62, Florida Statutes, Sections 215.57-215.83, Florida Statutes (the “State Bond Act”); Section 1010.62, Florida Statutes, other applicable provisions of law; and the Original Resolution, and it constitutes a resolution authorizing bonds pursuant to the State Bond Act.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance of the Refunding Bonds by the Registered Owners of the Refunding Bonds, the Original Resolution, as amended and supplemented through the date of this Ninth Supplemental Resolution, shall 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 this Ninth Supplemental Resolution and the Resolution, fully registered revenue bonds of the Board of Governors to be known as “State of Florida, Board of Governors, Florida State University Parking Facility 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 by the Division on behalf of the Board of Governors by competitive sale in an aggregate principal amount not exceeding \$8,200,000 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 Parking Facility 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 Original Resolution and this Ninth Supplemental 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 (together the "Authorized Individuals") 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 Ninth 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.

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.

(O) The Director is hereby authorized to offer for sale a lesser principal amount of Refunding Bonds than that set forth in this Ninth Supplemental 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 Ninth 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 Ninth 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 REFUNDING 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 Ninth 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 Ninth Supplemental Resolution to the same extent as if incorporated verbatim in this Ninth 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 Ninth 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 Parking 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 or any successor rule applicable to the Board of Governors.

(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 or any successor rule applicable to the Board of Governors.

**SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants or provisions of this Ninth 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 Ninth 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 Ninth 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 AND CANCELLATION OF PRIOR ISSUANCE AUTHORITY.** 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 Parking Facility Revenue Bonds is hereby canceled.

**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 supplemented by this Ninth Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Ninth Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

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

**ADOPTED on October 25, 2016.**

# **Report on University Debt**

**Prepared By  
Division of Bond Finance**

October 25, 2016

# Background of University Debt

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- **Direct Support Organizations (“DSOs”)** created by universities for various purposes
- **Many DSOs do not issue debt but some do**
  - **Historically debt issued by Board of Regents through Division of Bond Finance (“DBF”)**
  - **Legislature authorized DSOs to incur debt on behalf of universities in 1994**
- **Evolution of university debt issuance authority and policies:**
  - **2006 – Comprehensive review of policies and process for approving university debt issuance**
  - **2006 – Culmination – Legislature enacts Florida Statute §1010.62**
  - **Board of Governors (“BOG”) adopts companion debt management policies for university debt**

# Florida Statutes §1010.62

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- **Provides governance framework for authorizing and approving all university debt issuance (DSO and DBF/BOG) – 2 essential elements**
  - 1) **Designates revenues that can be used to secure debt and those that are prohibited as security for debt repayment**
  - 2) **Established clear and definitive process for approving debt**
- **Eliminated legislative approval by providing plenary approval of traditional university projects**
- **Overview of process for approving university debt issues**
  - **University Board of Trustees decide on projects and designate revenues to secure debt**
  - **Division of Bond Finance staff and Board of Governors staff review all university and DSO financings for legal and policy compliance and prepare summary for Board of Governors**
  - **Board of Governors approval required for all university and DSO debt issuance**
  - **Debt issued by either university DSO or Division of Bond Finance**
  - **Division of Bond Finance debt issues require Governor and Cabinet approval; DSO debt issues do not**



# **Policies/Principles Regarding State Debt**

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- **State debt policies amended in 2013 at direction of Governor and Cabinet to require more rigorous scrutiny of projects when debt issued to finance**
- **Justification for project/facilities required when financed with debt**
  - **Return on investment or appropriate quantitative metric**
  - **Assessment of cost of project and impact on cost to students**
  - **Measure actual versus projected performance**
- **Enhanced accountability and transparency**
- **Justification and financial information provided when project/debt approval presented to Board of Governors for consideration**

# **BOG Oversight and Developments in University Debt**

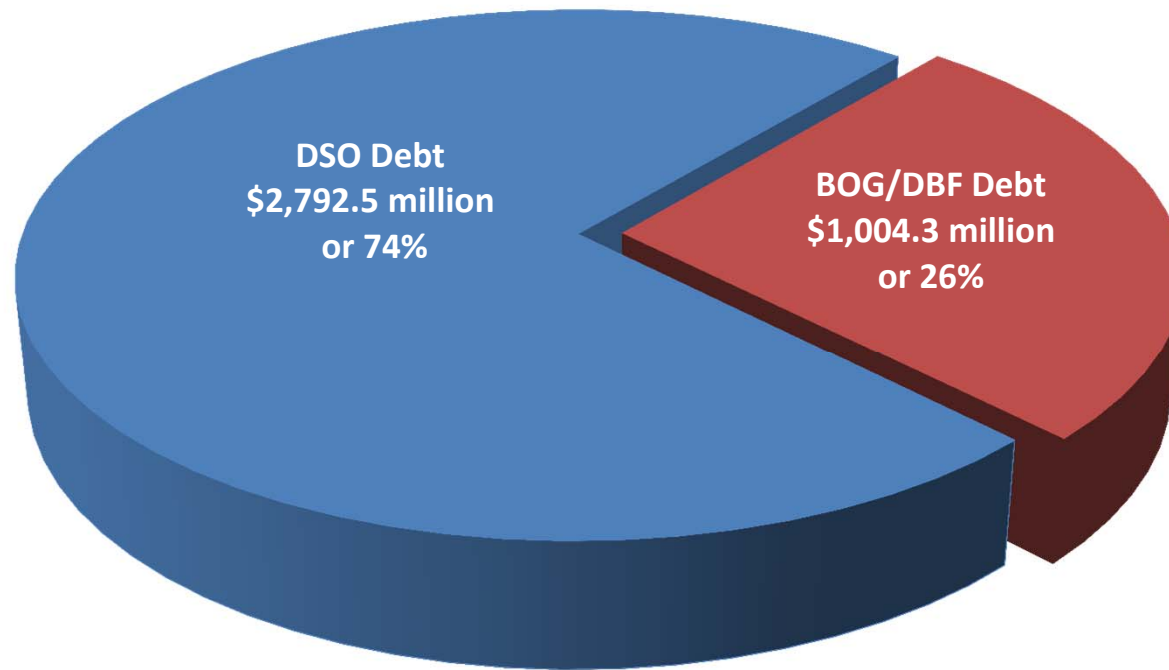
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- **Nov. 21, 2013 - Board of Governors amends Debt Management Guidelines consistent with State Debt Policies**
- **Sep. 3, 2015 - Board of Governors adopts Public Private Partnership (“PPP”) Guidelines**
  - **Framework that requires Board of Governor approval of university/DSO PPPs**
  - **Establishes criteria for evaluating university’s justification and cost/benefit of using PPP as financing mechanism**
- **Apr. 20, 2016 - Chancellor memo and proposed amendment to Board of Governors Debt Management Guidelines regarding university and DSO credit ratings**
  - **Requires notification and coordination of Board of Governors and Division of Bond Finance of rating agency reviews**
- **May 25, 2016 - Governors Degrees to Jobs Summit – Presentation on PPP Guidelines**
- **Jul. 13, 2016 - Workshop with Council for Administrative and Financial Affairs regarding coordination on rating reviews**
- **Sep. 22, 2016 - Board of Governors amends Debt Management Guidelines to clarify modification of outstanding debt requiring review**
- **In Process - Board of Governors evaluating delegated authority and university board of trustees responsibilities**

# Total University Debt

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**Total University Outstanding Debt \$3,796.8 Million**

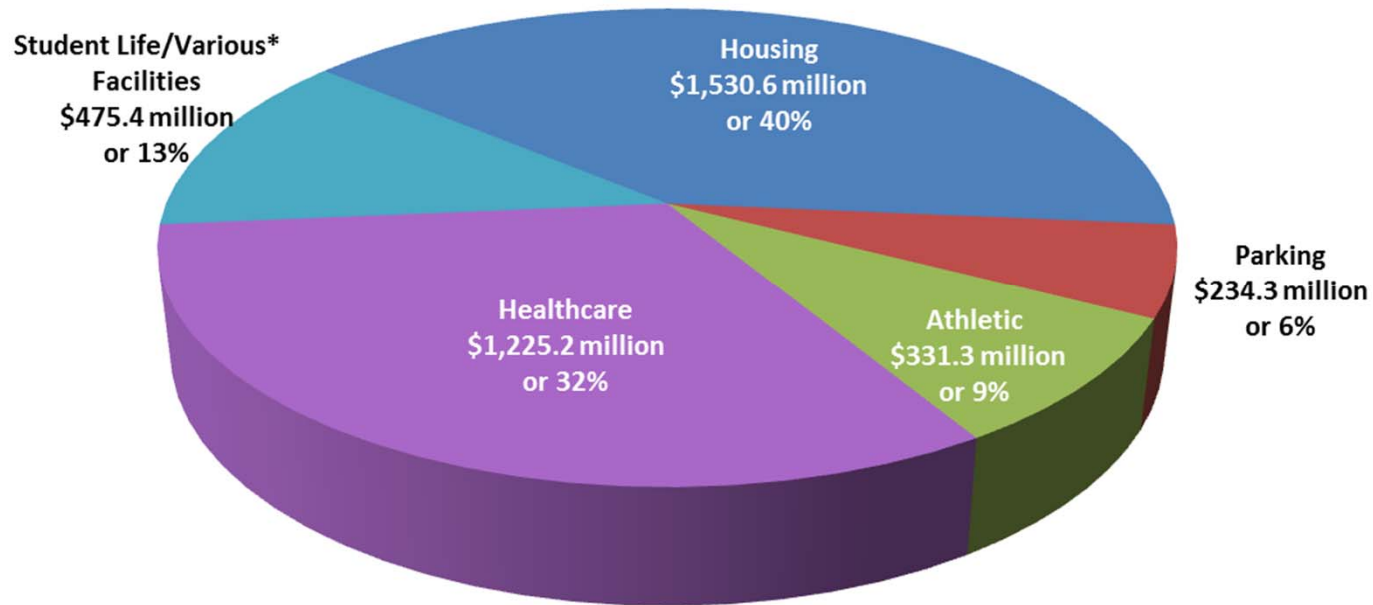


- University debt issued through a DSO
- University debt issued on behalf of BOG through DBF

Note: Debt outstanding at 6/30/2015

# University Debt by Purpose

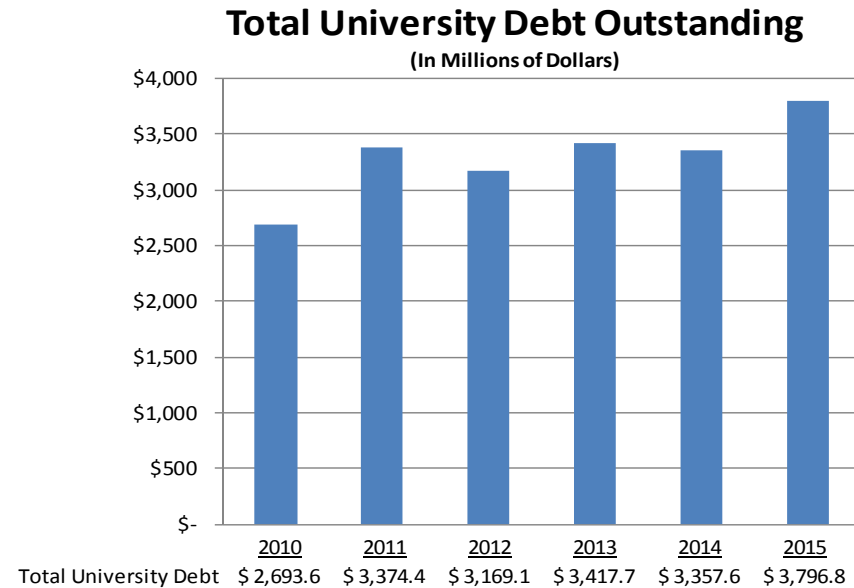
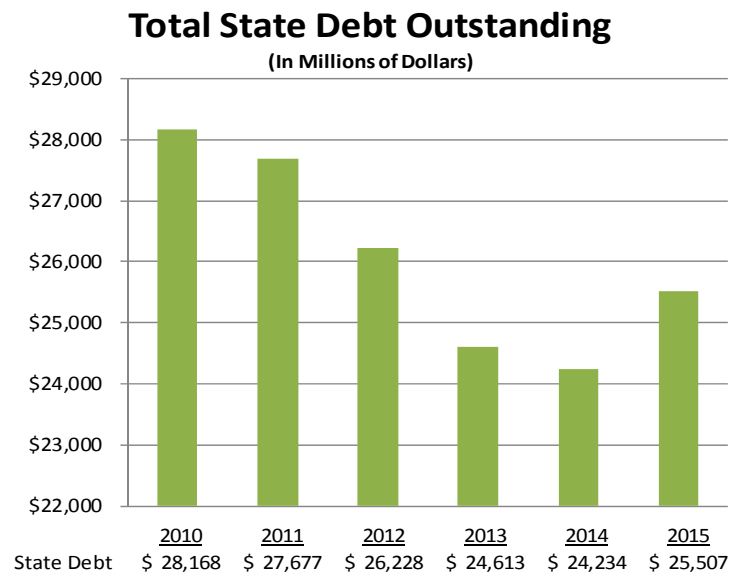
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- **University debt has been incurred primarily to finance on-campus student housing and healthcare facilities**
- **On-campus student housing at all universities**
- **Healthcare facilities are concentrated at UF-Shands**

\* Various facilities include administrative buildings, student unions, real estate purchases, fitness/wellness centers and technology research buildings

# State Debt Outstanding Compared to University Debt Outstanding

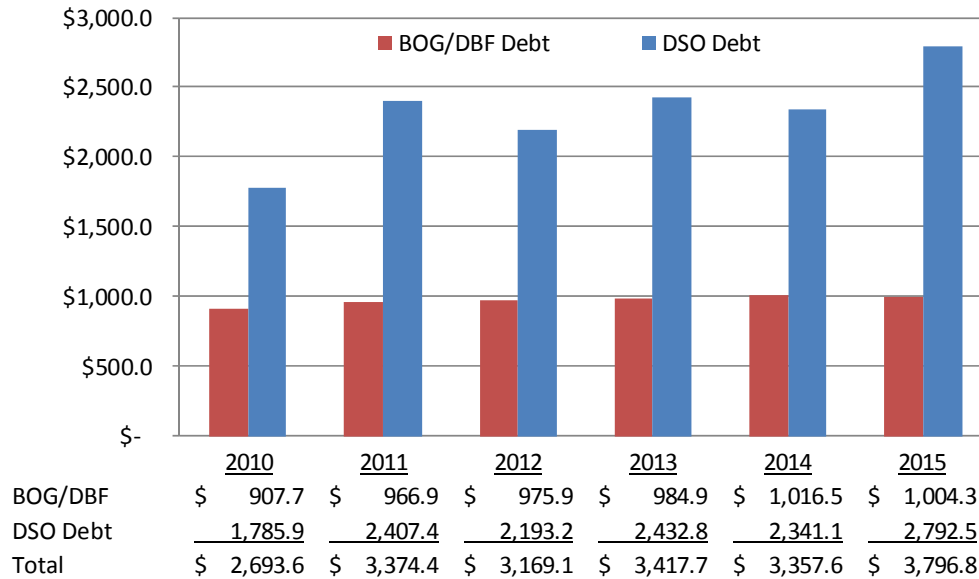


- **State debt has decreased \$2.7 billion, or 9.5%, over the last 5 years to \$25.5 billion**
- **University debt has increased \$1.1 billion, or 41%, over the last 5 years to \$3.8 billion**
- **Student population at Florida's public universities has increased by 5% over the past 5 years**
- **The largest increases in university debt have been for student housing and healthcare facilities**
- **University rate of growth in debt has slowed over the last 5 years compared with growth rate over the last 10 and 15 year periods**

Sources: SUS consolidated annual financial report and Debt Affordability Reports

# University Debt

**University BOG/DBF and DSO Debt  
Outstanding**  
(In Millions of Dollars)



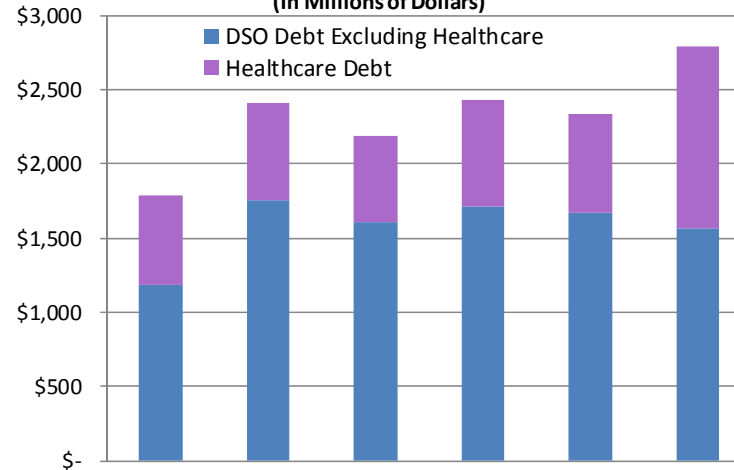
- **Over 90% of the increase in University debt over the last 5 years is attributable to DSO debt issuance**
- **Universities using DSOs to issue debt more prevalent in the last ten years**
- **University debt issued through BOG/DBF typically for student housing and parking**
- **University DSO debt more weighted towards healthcare and athletic facilities**

Sources: SUS consolidated annual financial report and Debt Affordability Reports and P3s considered university debt per rating agency criteria

# DSO Debt for Healthcare Facilities

## DSO Debt Segregating Healthcare Facilities

(In Millions of Dollars)



	2010	2011	2012	2013	2014	2015
DSO Debt Excluding Healthcare	\$1,180.9	\$1,757.1	\$1,612.4	\$1,711.5	\$1,668.9	\$1,567.3
Healthcare Debt	605.0	650.3	580.8	721.3	672.2	1,225.2
Total DSO Debt	\$1,785.9	\$2,407.4	\$2,193.2	\$2,432.8	\$2,341.1	\$2,792.5

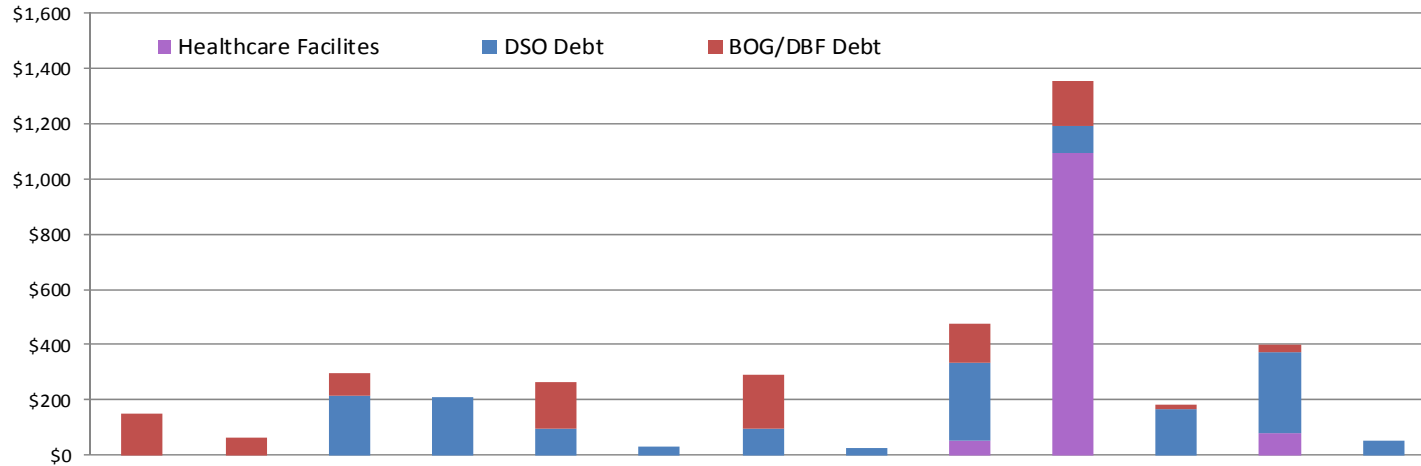
- Increase in DSO debt caused primarily by increases in healthcare debt
- Debt for healthcare facilities totals \$1.2 billion and doubled over the last 5 years
- DSO debt for healthcare facilities represents 44% of total DSO debt and includes UCF and USF healthcare facilities, Shands Teaching Hospital and Shands Jacksonville HealthCare but excludes Moffitt
- Shands Teaching Hospital not technically a DSO but an integral part of UF
- Debt for healthcare facilities generally not included by rating agencies in university debt metrics

# Debt by University

## Total University Debt Outstanding

6/30/2015

(In Millions of Dollars)



	<u>SUS</u>	<u>FAMU</u>	<u>FAU</u>	<u>FGCU</u>	<u>FIU</u>	<u>FPU</u>	<u>FSU</u>	<u>NCF</u>	<u>UCF<sup>1</sup></u>	<u>UF<sup>2</sup></u>	<u>UNF</u>	<u>USF<sup>3</sup></u>	<u>UWF</u>	<u>Total</u>
DSO Debt	\$ -	\$ -	\$ 216.6	\$ 211.4	\$ 93.2	\$ 33.0	\$ 94.1	\$ 27.1	\$ 281.6	\$ 95.6	\$ 166.7	\$ 295.5	\$ 52.5	\$ 1,567.3
Healthcare Facilities	-	-	-	-	-	-	-	-	52.7	1,094.0	-	78.5	-	1,225.2
BOG/DBF Debt	150.3	62.6	80.7	-	171.9	-	196.5	-	139.8	163.2	14.0	25.3	-	1,004.3
Total	\$ 150.3	\$ 62.6	\$ 297.3	\$ 211.4	\$ 265.1	\$ 33.0	\$ 290.6	\$ 27.1	\$ 474.1	\$ 1,352.8	\$ 180.6	\$ 399.3	\$ 52.5	\$ 3,796.8

- Differences among universities in amount of debt outstanding
- Disparity in debt among the universities reflects differences in nature of enterprises at universities

<sup>1</sup> Includes the Burnett College of Biomedical Science building

<sup>2</sup> Includes Shands Teaching Hospital, Shands Jacksonville Healthcare and various professional healthcare clinics

<sup>3</sup> includes a medical conference facility, Center for Advanced Medical Learning and Simulation, North Clinic Facility and South Clinic Facility buildings

Sources: 2015 financial statements for universities and DSOs and P3s considered university debt per rating agency criteria



# Conclusions

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- **Debt for university facilities has grown with growth of university system**
- **University debt issued through DSOs represents nearly 75% of all university debt**
- **DSOs have been used increasingly to incur debt for university facilities and are responsible for over 90% of growth in university debt over last 5 years**
- **Increase in DSO debt for healthcare v. non-healthcare facilities split approximately 60%/40%**
- **Board of Governors has taken steps to improve oversight of University/DSO debt and increase focus on justifying the need for the facilities being financed**
- **Existing Board of Governors process and policies for approving University/ DSO debt and PPPs provides framework for adequate oversight, except for Shands healthcare debt**
- **There is no State level oversight of Shands healthcare debt**

# Recommendations

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- **Either the Board of Governors or Governor and Cabinet should be responsible for evaluating Shands healthcare debt**
- **University Board of Trustees should perform critical evaluation of university projects being financed with debt or PPPs consistent with Board of Governors Policies**