

MEETING OF THE STATE BOARD OF ADMINISTRATION
GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER AS TREASURER
ATTORNEY GENERAL BONDI AS SECRETARY

AUGUST 7, 2012

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AGENDA

ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE MAY 8, 2012 MEETING.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$115,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE BONDS, SERIES (TO BE DETERMINED).

(See Attachment 2)

ACTION REQUIRED

THE CABINET
STATE OF FLORIDA

REPRESENTATIVES
DIVISION OF BOND FINANCE
STATE BOARD OF ADMINISTRATION
ADMINISTRATION COMMISSION

The above agencies came to be heard before THE
FLORIDA CABINET , the Honorable Governor Scott
presiding, at the Stanley Switlik Elementary School,
Marathon, Florida, on May 8, 2012, commencing at 9:00 a.m.

Reported by:
Lisa H. Bewley

All Keys Reporting

Olde Town Centre
9701 Overseas Highway
Marathon, Florida
305-289-1201

605 Whitehead Street
Suite 206, 2nd Floor
Key West, Florida
305-294-2601

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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I N D E X

DIVISION OF BOND FINANCE

(Presented by BEN WATKINS)

ITEM	ACTION	PAGE
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No. 2	Discussed	6
No. 3	Approved	7
No. 4	Approved	7
No. 5	Approved	5
No. 6	Approved	9

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STATE BOARD OF ADMINISTRATION

(Presented by BEN WATKINS)

ITEM	ACTION	PAGE
No. 1	Approved	11
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ADMINISTRATION COMMISSION

(Presented by DANNY KILCOLLINS)

ITEM	ACTION	PAGE
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CERTIFICATE OF REPORTER		16
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1 STATE BOARD OF ADMINISTRATION

2 MR. WATKINS: And with your permission,
3 Governor, what I would like to do is convene a
4 meeting of the State Board of Administration to
5 determine fiscal sufficiency relative to the bond
6 issues that we just authorized.

7 So Item Number 1 for the State Board of
8 Administration is approval of the fiscal sufficiency
9 of 190 million dollars in Florida Forever Revenue
10 Refunding Bonds.

11 GOVERNOR SCOTT: Do we need to do these all
12 together?

13 MR. WATKINS: If we could, Governor. So Items 1
14 through 4 -- there's four different items, Number 1 I
15 just recited to you, Number 2 is fiscal sufficiency
16 for 40 million dollars in University and system
17 improvement revenue refunding bonds. Item 3 is the
18 50 million dollars Everglades restoration bonds for
19 the Florida Keys sewers. And lastly, Item 4 is
20 fiscal sufficiency for 49 million dollars of
21 dormitory revenue bonds for Florida A&M University.

22 GOVERNOR SCOTT: Is there a motion to approve?

23 ATTORNEY GENERAL BONDI: So moved.

24 GOVERNOR SCOTT: Is there a second?

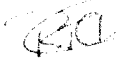
25 CFO ATWATER: Second.

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GOVERNOR SCOTT: Moved and Second, the items are approved. Thank you, Ben.

MR. WATKINS: Thank you all.

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland 
SUBJECT: Fiscal Sufficiency
DATE: July 25, 2012

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$115,000,000
STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE BONDS,
SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration of Florida (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$115,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined) (the "Bonds") for the purpose of financing fixed capital outlay projects for the Florida Colleges and State University System. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Tenth Supplemental Resolution, authorizing the issuance of the Bonds and a sale resolution anticipated to be adopted by the Governor and Cabinet on August 7, 2012.

The State Board of Education has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 2002C through 2011A (the "Previous Bonds") The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$268,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "2011 Refunding Bonds") at its August 2, 2011 meeting, of which \$25,760,000 remains unissued. The Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the 2011 Refunding Bonds. The proposed Bonds shall be issued on a parity with the Previous Bonds as to source and security for payment.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues, indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$115,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the \$25,760,000 remaining portion of the \$268,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) approved on August 2, 2011 is hereby rescinded.

ADOPTED August 7, 2012.

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$115,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION
LOTTERY REVENUE BONDS, SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) proposes to issue an amount not exceeding \$115,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined) (the “Bonds”) for the purpose of financing fixed capital outlay projects for the Florida Colleges and State University System; and,

WHEREAS, the Bonds will be issued pursuant to the provisions of Article VII, Section 11(d), of the Florida Constitution; Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; the State Bond Act, being Sections 215.57-215.83, Florida Statutes; and other applicable provisions of law; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Tenth Supplemental Resolution, authorizing the issuance of the Bonds and a sale resolution anticipated to be adopted by the Governor and Cabinet on August 7, 2012 (collectively, the “Authorizing Resolution”); and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon the Pledged Revenues which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes, for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; and,

WHEREAS, the Division has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 2002C through 2011A (the “Previous Bonds”); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$268,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the “2011 Refunding Bonds”) at its August 2, 2011 meeting, of which \$25,760,000 remains unissued; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the 2011 Refunding Bonds; and,

WHEREAS, the proposed Bonds shall be issued on a parity with the Previous Bonds as to source and security for payment; and,

WHEREAS, the Division has requested the State Board of Administration approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

STATE OF FLORIDA



J. BEN WATKINS III
DIRECTOR

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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TALLAHASSEE, FLORIDA 32317-3300

(Address mail to P.O. Box; deliveries to street address)

TELEPHONE: (850) 488-4782

TELECOPIER: (850) 413-1315

July 19, 2012

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$115,000,000 State of Florida, State Board of Education
Lottery Revenue Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting on August 7, 2012.

The bonds will be payable from the pledged revenues consisting of the lottery revenues deposited to the Educational Enhancement Trust Fund. The proposed bonds will be payable on a parity with the previously issued State of Florida, State Board of Education Lottery Revenue Bonds, Series 2002C through Series 2011A. The Division of Bond Finance requests the \$25,760,000 balance of the fiscal sufficiency approval received on August 2, 2011, be rescinded.

The proposed bonds are being issued to finance fixed capital outlay projects for the Florida Colleges and State University System. The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Tenth Supplemental Resolution, authorizing the issuance of the bonds and a sale resolution expected to be adopted by the Governor and Cabinet on August 7, 2012. The December 18, 2007 resolution has been previously provided to you. Draft copies of authorizing and sale resolutions anticipated to be adopted August 7, 2012 will be provided when available.

Mr. Ashbel C. Williams
July 19, 2012
Page Two

Enclosed for your review are the following:

- Enclosure 1- an estimated coverage table based upon existing and proposed program debt service;
- Enclosure 2- an estimated debt service schedule for the proposed bonds;
- Enclosure 3- a five-year history of revenues and expenses for the Department of the Lottery for Fiscal Years 2007-2011, including Lottery revenues deposited into the Educational Enhancement Trust Fund, pursuant to Section 24.121(2), Florida Statutes; and
- Enclosure 4- the projections of lottery revenues to be deposited to the Educational Enhancement Trust Fund as reported by the most recent Consensus Revenue Estimating Conference.

A draft of the fiscal sufficiency resolution should be sent to Toni Egan and Carol Bagley of this office for review. Should you have any questions, please contact myself, Toni Egan or Carol Bagley of the Division at 488-4782.

Very truly yours,



J. Ben Watkins III
Director

JBW/cb

Enclosures

cc: Anthony Doheny
Robert Copeland

**STATE OF FLORIDA
STATE BOARD OF EDUCATION
LOTTERY REVENUE REFUNDING BONDS
FISCAL SUFFICIENCY REQUEST FOR \$115,000,000 (series to be determined)**

ESTIMATED DEBT SERVICE COVERAGE

Fiscal Year	Deposit to Educational		Estimated Series 2012A			Total	Debt Service Coverage (3)
	Enhancement Trust Fund (1)	Outstanding Parity Debt Service (2)	Principal	Interest	Total	Estimated Debt Service	
<u>Historical</u>							
2006-07	\$ 1,263,272,000	\$ 209,498,684				\$ 209,498,684	6.03x
2007-08	1,283,414,000	238,480,706				238,480,706	5.38x
2008-09	1,287,855,000	285,121,063				285,121,063	4.52x
2009-10	1,246,794,000	303,446,946				303,446,946	4.11x
2010-11	1,191,818,000	323,450,056				323,450,056	3.68x
2011-12	1,310,400,000	307,275,539				307,275,539	4.26x
<u>Projected</u>							
2012-13	1,354,600,000	310,068,439	2,965,000	6,061,458	9,026,458	319,094,898	4.25x
2013-14	1,378,100,000	308,621,239	3,405,000	6,442,013	9,847,013	318,468,252	4.33x
2014-15	1,393,200,000	308,504,602	3,600,000	6,246,225	9,846,225	318,350,827	4.38x
2015-16	1,410,200,000	308,444,839	3,805,000	6,039,225	9,844,225	318,289,064	4.43x
2016-17	1,430,200,000	308,427,289	4,025,000	5,820,438	9,845,438	318,272,727	4.49x
2017-18	1,448,900,000	327,000,439	4,255,000	5,589,000	9,844,000	336,844,439	4.30x
2018-19	1,467,400,000	275,939,702	4,500,000	5,344,338	9,844,338	285,784,040	5.13x
2019-20	1,486,000,000	236,662,519	4,760,000	5,085,588	9,845,588	246,508,106	6.03x
2020-21	1,504,500,000	193,941,616	5,035,000	4,811,888	9,846,888	203,788,503	7.38x
2021-22	1,504,500,000	182,128,340	5,325,000	4,522,375	9,847,375	191,975,715	7.84x
2022-23	1,504,500,000	153,006,242	5,630,000	4,216,188	9,846,188	162,852,430	9.24x
2023-24	1,504,500,000	137,976,555	5,950,000	3,892,463	9,842,463	147,819,017	10.18x
2024-25	1,504,500,000	121,387,635	6,295,000	3,550,338	9,845,338	131,232,973	11.46x
2025-26	1,504,500,000	108,166,636	6,655,000	3,188,375	9,843,375	118,010,011	12.75x
2026-27	1,504,500,000	91,365,036	7,040,000	2,805,713	9,845,713	101,210,748	14.87x
2027-28	1,504,500,000	54,117,305	7,445,000	2,400,913	9,845,913	63,963,217	23.52x
2028-29	1,504,500,000	12,646,192	7,870,000	1,972,825	9,842,825	22,489,017	66.90x
2029-30	1,504,500,000		8,325,000	1,520,300	9,845,300	9,845,300	152.81x
2030-31	1,504,500,000		8,805,000	1,041,613	9,846,613	9,846,613	152.79x
2031-32	1,504,500,000		9,310,000	535,325	9,845,325	9,845,325	152.81x
		<u>\$3,438,404,624</u>	<u>\$115,000,000</u>	<u>\$81,086,596</u>	<u>\$196,086,596</u>	<u>\$3,634,491,220</u>	

(1) Pursuant to Section 24.121(2), Florida Statutes, the Lottery Revenue Bonds are payable from and secured by a first lien on the first Lottery revenues transferred to the Educational Enhancement Trust Fund. Historical revenues are from audited financial statements of the Department of the Lottery for Fiscal Years 2006-07 through 2010-11. Fiscal Year 2011-12 revenues are preliminary and subject to change. Projected revenues are from the July 2012 Consensus Lottery Revenue Estimating Conference. The projections are held constant after Fiscal Year 2020-21. Projections are based on the best information available when estimates are made, and no assurance can be given that there will not be material differences relating to such amounts in the future.

(2) Includes debt service on all outstanding State of Florida, State Board of Education, Lottery Revenue Bonds, with the exception of the 2002C Bonds maturing in Fiscal Years 2014-2022 and the 2003A Bonds maturing in Fiscal Years 2014-2023, which bonds have not been defeased but for which debt service payments are expected to be made from an escrow pledged to those bonds. Fiscal Year 2010-11 includes a sinking fund transfer of \$3,245,554.30 to the escrow account in connection with the 2010D Refunding. Fiscal Year 2011-12 includes a sinking fund transfer of \$3,232,245.11 to the escrow account in connection with the 2011A Refunding.

(3) Debt Service Coverage is calculated by dividing "Deposit to Educational Enhancement Trust Fund" by "Estimated Total Debt Service."