State of Florida
Division of Bond Finance

Notice

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Copies of the printed Official Statement may be obtained from:

Florida Division of Bond Finance
1801 Hermitage Boulevard
Suite 200
Tallahassee, Florida 32308

E-Mail: bond@sbafla.com
Phone: (850) 488-4782
Fax: (850) 413-1315

Refunding Issue - Book-Entry Only

This Official Statement has been prepared by the Division of Bond Finance to provide information about the 2016A Bonds. Selected information is presented on this cover page for the convenience of the reader. ***To make an informed decision, a prospective investor should read this Official Statement in its entirety.*** Unless otherwise indicated, capitalized terms have the meanings given in Appendix A.

$53,040,000
STATE OF FLORIDA
Board of Governors
Florida Atlantic University Dormitory Revenue Refunding Bonds
Series 2016A

Dated: Date of Delivery **Due:** July 1, as shown on the inside front cover

Bond Ratings	A+ Fitch Ratings A1 Moody's Investors Service A Standard & Poor's Ratings Services
Tax Status	In the opinion of Bond Counsel, interest on the 2016A Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2016A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The 2016A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" herein for a description of other tax consequences to holders of the 2016A Bonds.
Redemption	The 2016A Bonds maturing on and after July 1, 2027, are subject to optional and mandatory redemption as provided herein.
Security	The 2016A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the Housing System Revenues, after payment of the Current Expenses, the Administrative Expenses, and the Rebate Amount, if any. **The 2016A Bonds are not secured by the full faith and credit of the State of Florida or the University.**
Lien Priority	The lien of the 2016A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the Outstanding Bonds and any Additional Parity Bonds hereafter issued. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2016A Bonds is $54,650,000, excluding the Refunded Bonds.
Additional Bonds	Additional Parity Bonds payable on a parity with the 2016A Bonds may be issued if the average Pledged Revenues for the two preceding fiscal years, as adjusted, are at least 130% of the maximum annual debt service. This description of the requirements for the issuance of Additional Parity Bonds is only a summary of the complete requirements. See "SECURITY FOR THE 2016A BONDS - Additional Parity Bonds" herein for more complete information.
Purpose	Proceeds will be used to refund a portion of the Outstanding State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A, the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B, and to pay certain costs of issuance.
Interest Payment Dates	January 1 and July 1, commencing July 1, 2017.
Record Dates	December 15 and June 15.
Form/Denomination	The 2016A Bonds will initially be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through Direct Participants (defined herein) in denominations of $1,000 and integral multiples thereof. Purchasers of the 2016A Bonds will not receive physical delivery of the 2016A Bonds. See "DESCRIPTION OF THE 2016A BONDS".
Closing/Settlement	It is anticipated that the 2016A Bonds will be available for delivery through the facilities of DTC in New York, New York on January 24, 2017.
Bond Registrar/ Paying Agent	U.S. Bank Trust National Association, New York, New York.
Bond Counsel	Bryant Miller Olive P.A., Tallahassee, Florida.
Issuer Contact	Division of Bond Finance, (850) 488-4782, bond@sbafla.com
Maturity Structure	The 2016A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

December 20, 2016

MATURITY STRUCTURE

Initial CUSIP©	Due Date	Principal Amount	Interest Rate	Price or Yield*	First Optional Redemption Date and Price
			Serial Bonds		
3 4 1 5 6 8 B A 0	July 1, 2017	$1,520,000	3.00%	1.11%	-
3 4 1 5 6 8 B B 8	July 1, 2018	2,935,000	4.00	1.44	-
3 4 1 5 6 8 B C 6	July 1, 2019	3,045,000	5.00	1.74	-
3 4 1 5 6 8 B D 4	July 1, 2020	3,210,000	5.00	2.00	-
3 4 1 5 6 8 B E 2	July 1, 2021	3,365,000	5.00	2.25	-
3 4 1 5 6 8 B F 9	July 1, 2022	2,460,000	5.00	2.38	-
3 4 1 5 6 8 B G 7	July 1, 2023	2,580,000	5.00	2.65	-
3 4 1 5 6 8 B H 5	July 1, 2024	2,720,000	5.00	2.84	-
3 4 1 5 6 8 B J 1	July 1, 2025	2,855,000	5.00	2.90	-
3 4 1 5 6 8 B K 8	July 1, 2026	2,995,000	5.00	2.97	-
3 4 1 5 6 8 B L 6	July 1, 2027**	3,145,000	5.00	3.10	July 1, 2026 @ 100%
3 4 1 5 6 8 B M 4	July 1, 2028**	3,300,000	5.00	3.16	July 1, 2026 @ 100
3 4 1 5 6 8 B N 2	July 1, 2029**	3,465,000	5.00	3.29	July 1, 2026 @ 100
3 4 1 5 6 8 B P 7	July 1, 2030**	3,645,000	5.00	3.42	July 1, 2026 @ 100
3 4 1 5 6 8 B Q 5	July 1, 2031**	2,330,000	5.00	3.53	July 1, 2026 @ 100
3 4 1 5 6 8 B R 3	July 1, 2032**	2,450,000	4.00	3.90	July 1, 2026 @ 100
3 4 1 5 6 8 B S 1	July 1, 2033	2,540,000	4.00	@100	July 1, 2026 @ 100
			Term Bond		
3 4 1 5 6 8 B V 4	July 1, 2036	$4,480,000	4.00%	4.05%	July 1, 2026 @ 100

* Price and yield information provided by the underwriter.

** The yield on these maturities are calculated to a 100% call on July 1, 2026.

The State of Florida has not authorized any dealer, broker, salesman or other person to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied on. Certain information herein has been obtained from sources other than records of the State of Florida which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the State of Florida. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the State of Florida since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the 2016A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

STATE OFFICIALS

BOARD OF GOVERNORS

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VICE CHAIR
NED C. LAUTENBACH

GOVERNING BOARD OF THE DIVISION OF BOND FINANCE

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JEFF ATWATER
Treasurer

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J. BEN WATKINS III
Director
Division of Bond Finance

ASHBEL C. WILLIAMS
Executive Director and CIO
State Board of Administration of Florida

BOND COUNSEL
Bryant Miller Olive P.A.
Tallahassee, Florida

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** There will not be a Debt Service Reserve Account funded for the 2016A Bonds.

OFFICIAL STATEMENT
Relating to
$53,040,000
STATE OF FLORIDA
Board of Governors
Florida Atlantic University Dormitory Revenue Refunding Bonds
Series 2016A

For definitions of capitalized terms not defined in the text hereof, see Appendix A.

INTRODUCTION

This Official Statement sets forth information relating to the sale and issuance of the $53,040,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A, dated the date of delivery (the "2016A Bonds"), by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance").

The proceeds of the 2016A Bonds will be used to refund a portion of the Outstanding State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A, the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B, and to pay certain costs of issuance. The refunding is being effectuated to achieve debt service savings due to lower interest rates. See "THE REFUNDING PROGRAM" herein for more detailed information.

The 2016A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the revenues of the Housing System, after payment of the Current Expenses, the Administrative Expenses, and the Rebate Amount, if any. The lien of the 2016A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the Outstanding Bonds and any Additional Parity Bonds hereafter issued. See "SECURITY FOR THE 2016A BONDS" below for more detailed information. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2016A Bonds is $54,650,000, excluding the Refunded Bonds.

The 2016A Bonds are not a general obligation or indebtedness of the State of Florida or the University, and the full faith and credit of the State of Florida is not pledged to payment of the 2016A Bonds.

Requests for additional information may be made to:

Division of Bond Finance
Phone: (850) 488-4782
Fax: (850) 413-1315
E-mail: bond@sbafla.com
Mail: P. O. Box 13300
Tallahassee, Florida 32317-3300

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Any statements made in this Official Statement which involve opinions or estimates, whether or not expressly stated, are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realized. To make an informed decision, a full review should be made of the entire Official Statement. The descriptions of the 2016A Bonds and the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references to and descriptions of such documents are qualified by reference to the actual documents. Copies of such documents may be obtained from the Division of Bond Finance.

End of Introduction

AUTHORITY FOR THE ISSUANCE OF THE 2016A BONDS

General Legal Authority

The 2016A Bonds are being issued by the Division of Bond Finance on behalf of the Board of Governors (the "Board"), pursuant to Article VII, Section 11(d) and Article IX, Section 7(d) of the Florida Constitution, the State Bond Act, Section 1010.62, Florida Statutes, and other applicable provisions of law. Article VII, Section 11(d), of the Florida Constitution provides that revenue bonds payable solely from funds derived directly from sources other than State tax revenues may be issued by the State of Florida or its agencies, without a vote of the electors, to finance or refinance capital projects. Section 215.59(2), Florida Statutes, authorizes the issuance of revenue bonds by the Division of Bond Finance pursuant to Article VII, Section 11(d), of the Florida Constitution. The Legislature has authorized the Division of Bond Finance to issue refunding bonds on behalf of any State agency in Section 215.79, Florida Statutes.

Division of Bond Finance

The Division of Bond Finance, a public body corporate created pursuant to the State Bond Act, is authorized to issue bonds on behalf of the State or its agencies. The Governing Board of the Division of Bond Finance (the "Governing Board") is composed of the Governor, as Chairman, and the Cabinet of the State of Florida, consisting of the Attorney General as Secretary, the Chief Financial Officer as Treasurer, and the Commissioner of Agriculture. The Director of the Division of Bond Finance may serve as an assistant secretary of the Governing Board.

State Board of Administration of Florida

The State Board of Administration of Florida (the "Board of Administration") was created under Article IV, Section 4, of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and succeeds to all the power, control and authority of the state board of administration established pursuant to Article IX, Section 16, of the Constitution of the State of Florida of 1885. It will continue as a body at least for the life of Article XII, Section 9(c) of the Florida Constitution. The Board of Administration is composed of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. Under the State Bond Act, the Board of Administration determines the fiscal sufficiency of all bonds proposed to be issued by the State of Florida or its agencies. The Board of Administration also acts as the fiscal agent of the Board of Governors in administering the Sinking Fund, the Rebate Account, and the Reserve Account.

Board of Governors

The Board of Governors is established by Article IX, Section 7 of the Florida Constitution. It is authorized to operate, regulate, control and manage the University System. The responsibilities of the Board of Governors include defining the mission of each university, ensuring the coordination and operation of the University System and avoiding wasteful duplication of facilities or programs. Article IX, Section 7 provides that the Board of Governors shall establish the powers and duties of the university boards of trustees. See "University Board of Trustees" below. The Board of Governors' management of the University System is subject to the power of the legislature to appropriate funds.

The Board of Governors consists of seventeen members, fourteen of whom are appointed by the Governor to staggered seven-year terms as provided by law, subject to confirmation by the Florida Senate. The Commissioner of Education, the Chair of the Advisory Council of Faculty Senates, and the Chair of the Florida Student Association are *ex officio* members of the Board of Governors.

The following individuals have been appointed by the Governor to the Board of Governors:

Board Members*	**Term Expires**
Thomas G. Kuntz, chair - businessman (Winter Park, FL)	January 6, 2019
Ned C. Lautenbach, vice chair - businessman (Naples, FL)	January 6, 2019
Richard A. Beard III - businessman (Tampa, FL)	January 6, 2017
Dean Colson - attorney (Coral Gables, FL)**	January 6, 2017
Daniel Doyle, Jr. - businessman (Tampa Bay, FL)	January 6, 2017
Patricia Frost - educator (Miami Beach, FL)	January 6, 2017
H. Wayne Huizenga, Jr. - businessman (Delray Beach, FL)	January 6, 2020
Darlene Jordan - businesswoman (Palm Beach, FL)	January 6, 2019
Alan Levine - businessman (Naples, FL)	January 6, 2020
Wendy Link - attorney (Palm Beach Gardens, FL)	January 6, 2020
Edward Morton - businessman (Naples, FL)	January 6, 2020
Norman D. Tripp - attorney (Fort Lauderdale, FL)	January 6, 2020
Fernando J. Valverde - businessman (Miami, FL)	January 6, 2019
Sydney Kitson - businessman (West Palm Beach, FL)	January 6, 2017

The following individuals are *ex officio* members of the Board of Governors:

Pam Stewart - Commissioner of Education (Tallahassee, FL)
Gary Tyson - Chair, Advisory Council of Faculty Senates (Tallahassee, FL)
Jacob Hebert - Chairman, Florida Student Association (Tallahassee, FL)

* Board members whose terms expire on January 6, 2017, will remain in office until a successor is appointed.
** Mr. Colson has resigned from the Board effective January 1, 2017. At that time, there will be a vacancy on the Board.

University Board of Trustees

Article IX, Section 7 of the State Constitution provides for an appointed board of trustees at each State University. Each board of trustees consists of thirteen members and administers the University. Six members of each board are appointed by the Governor and five members are appointed by the Board of Governors. The appointed members must be confirmed by the Senate. The chair of the faculty senate and the president of the student body are also members of each board. See "Appendix F - Florida Atlantic University" for a list of the trustees of the University.

Administrative Approval

By a resolution adopted on March 23, 2006, the Board of Governors requested the Division of Bond Finance to proceed with the actions required for the issuance of the 2016A Bonds.

By a resolution adopted on July 21, 1992 (the "Original Resolution"), as amended and supplemented by resolutions adopted on March 25, 2003 (the "Second Supplemental Resolution"), April 15, 2008 (the "Sixth Supplemental Resolution"), and September 20, 2016 (the "Seventh Supplemental Resolution"), the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance, authorized the issuance and sale of the 2016A Bonds. The Original Resolution, the Second Supplemental Resolution, the Sixth Supplemental Resolution and the Seventh Supplemental Resolution are reproduced as Appendices B, C, D and E to this Official Statement (collectively, the "Resolution").

The Board of Administration approved the fiscal sufficiency of the 2016A Bonds, as required by the State Bond Act, by a resolution adopted on September 20, 2016.

DESCRIPTION OF THE 2016A BONDS

The 2016A Bonds are being issued as fully registered bonds in the denomination of $1,000 or integral multiples thereof. The 2016A Bonds are payable from the Pledged Revenues as described herein. The 2016A Bonds will be dated the date of delivery thereof and will mature as set forth on the inside front cover. Interest is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2017, until maturity or redemption.

The 2016A Bonds will initially be issued exclusively in "book-entry" form. Ownership of one 2016A Bond for each maturity (as set forth on the inside front cover), each in the aggregate principal amount of such maturity, will be initially registered in the name of "Cede & Co." as registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2016A Bonds. Individual purchases of the 2016A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2016A Bonds or any certificate representing their beneficial ownership interest in the 2016A Bonds. See "Appendix K - Provisions for Book-entry Only System or Registered Bonds" for a description of DTC, certain responsibilities of DTC, the Board and the Bond Registrar/Paying Agent, and the provisions for registration and registration of transfer of the 2016A Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

Optional Redemption

The 2016A Bonds maturing in the years 2017 through 2026, both inclusive, are not redeemable prior to their stated dates of maturity. The 2016A Bonds maturing in 2027 and thereafter (including the Term Bonds) are redeemable prior to their stated dates of maturity, without premium, at the option of the Division of Bond Finance, (i) in part, by maturities and/or Amortization Installments to be selected by the Division of Bond Finance, and by lot within a maturity and/or Amortization Installment if less than an entire maturity and/or Amortization Installment is to be redeemed, or (ii) as a whole, on July 1, 2026, or on any date thereafter, at the principal amount of the 2016A Bonds so redeemed, together with interest accrued to the date of redemption.

Mandatory Redemption

The 2016A Bonds maturing on July 1, 2036 (the "2036 Term Bonds"), are subject to mandatory redemption in part, by lot, on July 1, 2034, and on each July 1 thereafter to and including July 1, 2036, at the principal amount of the 2036 Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Installments in the years and amounts as follows:

Year	Principal Amount	Year	Principal Amount
2034	$1,435,000	2036	$1,550,000
2035	$1,495,000		

Notice of Redemption

Notices of redemption of 2016A Bonds or portions thereof will be mailed by first class mail at least 30 days prior to the date of redemption to Registered Owners of record as of 45 days prior to the date of redemption. Such notices of redemption will specify the serial numbers and the principal amount of the 2016A Bonds to be redeemed, if less than all, the date fixed for redemption and the redemption price. In lieu of mailing, the Bond Registrar/Paying Agent may elect to provide such notice of redemption by electronic means to any Registered Owner who has consented to such method of receiving notices.

Failure to give, or any defect in, any required notice of redemption as to any particular 2016A Bonds will not affect the validity of the call for redemption of any 2016A Bonds with respect to which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Interest on the 2016A Bonds called for redemption will cease to accrue upon the redemption date.

THE REFUNDING PROGRAM

Proceeds of the 2016A Bonds, together with other legally available moneys, will be used to refund the outstanding State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, maturing in the years 2017 through 2033, inclusive, in the outstanding principal amount of $20,200,000 (the "Refunded 2003 Bonds"), the outstanding State of Florida, Board of Governors Florida Atlantic University Housing Revenue Bonds, Series 2006A, maturing in the years 2018 through 2036, inclusive, in the outstanding principal amount of $21,565,000 (the "Refunded 2006A Bonds"), and the outstanding State of Florida, Board of Governors Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B, maturing in the years 2018 through 2030, inclusive, in the outstanding principal amount of $15,485,000 (the "Refunded 2006B Bonds") (the Refunded 2003 Bonds, Refunded 2006A Bonds and Refunded 2006B Bonds are collectively referred to as the "Refunded Bonds"). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2016A Bonds, the Division of Bond Finance will cause to be deposited a portion of the proceeds of the 2016A Bonds in an irrevocable escrow account (the "Escrow Deposit Trust Fund"), under an agreement (the "Escrow Deposit Agreement") entered into between the Division of Bond Finance and the Board of Administration (the "Escrow Agent"). The Escrow Agent will hold those moneys uninvested. The escrow will be funded in an amount which will be sufficient to meet the redemption requirements of the Refunded Bonds.

The amount of moneys initially deposited is expected to be sufficient to make all payments of principal, interest and redemption premiums with respect to the Refunded Bonds.

It is anticipated that the Refunded Bonds will be called for redemption (by separate redemption notice) on January 25, 2017, at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date, plus the required redemption premium equal to one percent of the Refunded 2006A Bonds and the Refunded 2006B Bonds. No funds held in escrow will be available to pay debt service on the 2016A Bonds.

Sources and Uses of Funds

Sources of Funds:	
Par Amount of 2016A Bonds	$53,040,000
Plus: Net Original Issue Premium	5,256,324
Total Sources	$58,296,324
Uses of Funds:	
Deposit to Escrow Deposit Trust Fund	$57,791,034
Underwriter's Discount	391,511
Cost of Issuance	113,779
Total Uses	$58,296,324

SECURITY FOR THE 2016A BONDS

Pledge of Housing System Revenues

The 2016A Bonds and the interest thereon constitute obligations of the Board on behalf of the University and are payable solely from, and secured as to the payment of principal and interest by, a lien on the Pledged Revenues derived from the operation of the Housing System on a parity with the Outstanding Bonds which will be Outstanding in the aggregate principal amount of $54,650,000, excluding the Refunded Bonds, subsequent to the issuance of the 2016A Bonds and any Additional Parity Bonds hereafter issued. The Housing System consists of the University's existing housing facilities at the University's main campus in Boca Raton, with the exception of Innovation Village and Parliament Hall, and such additional housing facilities as may be added to the Housing System at some future date, all as more fully described in "HOUSING SYSTEM" herein. The Pledged Revenues consist of the revenues of the Housing System at the University after deducting the Administrative Expenses, the Current Expenses, and the Rebate Amount. The Pledged Revenues and the related debt service coverage ratios are set forth in "HOUSING SYSTEM - Historical Debt Service Coverage" and "HOUSING SYSTEM - Projected Pledged Revenues and Debt Service Coverage."

The 2016A Bonds are "revenue bonds" within the meaning of Article VII, Section 11(d), of the Florida Constitution, and are payable solely from funds derived directly from sources other than State tax revenues. The 2016A Bonds do not constitute a general obligation or indebtedness of the State of Florida or any of its agencies or political subdivisions and shall not be a debt of the State of Florida or of any agency or political subdivision thereof, the Board of Governors or the University, and the full faith and credit of the State is not pledged to the payment of the principal of, premium, if any, or interest on the 2016A Bonds. The issuance of the 2016A Bonds does not, directly or indirectly or contingently, obligate the State of Florida to use State funds, other than the Pledged Revenues, to levy or to pledge any form of taxation whatsoever or to make any appropriation for payment of the principal of, premium, if any, or interest on the 2016A Bonds.

Reserve Account**

There will not be a Reserve subaccount funded for the 2016A Bonds. However, the Original Resolution creates the Reserve Account within the Sinking Fund, which is to be used for payments of debt service when the amounts in the Sinking Fund are insufficient therefor. Separate subaccounts in the Reserve Account may be established for one or more Series of Bonds. Each subaccount will only be available to cure deficiencies in the accounts in the Sinking Fund with respect to the Series of Bonds for which it is established. All subaccounts that currently comprise the Reserve Account are funded by Reserve Account Credit Facilities as permitted by the Resolution.

The Reserve Account is currently funded by a debt service reserve account surety bond from MBIA Insurance Corporation (MBIA) in the amount of $1,222,780, which will terminate on July 1, 2021, a debt service reserve account surety bond from MBIA in the amount of $1,654,182.50, which will terminate on July 1, 2030, a reserve account surety bond from Syncora Guarantee Inc. (Syncora), formerly known as XL Capital Assurance, in the amount of $1,780,279.25, which will terminate on July 1, 2036, and a reserve account surety bond from Financial Guaranty Insurance Company (FGIC) in the amount of $1,260,032, which will terminate on July1, 2033. Such subaccount may also serve as the subaccount for future Additional Parity Bonds. See “MISCELLANEOUS - Bond Ratings” below for a discussion of potential and actual rating agency actions with respect to MBIA, Syncora, and FGIC.

The resolution authorizing the sale of the 2016A Bonds provides that the Reserve Account for the 2016A Bonds may be funded in an amount determined by the Director, which amount may be zero. The Reserve Requirement for the 2016A Bonds has been determined to be zero. No deposit will be made to a subaccount in the Reserve Account from the proceeds of the 2016A Bonds. However, the 2016A Bonds will be secured by the $5,917,273.75 surety bonds from MBIA, Syncora, and FGIC, under the terms of such bonds.

In the event funds on deposit in the Sinking Fund are not sufficient to pay the principal and/or interest next coming due on any outstanding bonds, then on or before the Interest Payment Date and the Principal Payment Date such amounts as may be necessary to pay such maturing principal and/or interest on the Bonds will be transferred to the Sinking Fund from the Reserve Account. Each Reserve Account Credit Facility will be drawn upon in proportion to its relative share of the amounts in the Reserve Account. Any withdrawals from the Reserve Account, including disbursements made under a Reserve Account Credit Facility, will be subsequently restored (or, in the case of a Reserve Account Credit Facility, the provider thereof will be reimbursed) from the first revenues available after all required Current Expenses and current payments for the Sinking Fund, including any deficiencies for prior payments, have been made in full.

Flow of Funds

Collection of Revenues. Pledged Revenues are deposited into a separate account of the Board (the “Revenue Fund”) in the State Treasury, to be administered in accordance with the Resolution and applicable laws. After providing for the payments required below, the University may use the Pledged Revenues for any lawful purpose.

Application of Pledged Revenues. All revenues on deposit in the Revenue Fund will be applied only in the following manner and order of priority:

(A) First, for payment of Current Expenses of the Housing System for the current month, and to maintain on deposit a sufficient amount of moneys for payment of the next month’s Current Expenses of the Housing System, as determined in the annual budget of the University.

(B) Second, the remaining moneys not needed for the purposes of (A) above, shall be transferred to the Board of Administration to be used as follows:

(i) for payment of the Administrative Expenses;

(ii) for deposit into the Sinking Fund, until there is accumulated in said Sinking Fund an amount sufficient to pay the next installments of principal and interest to become due during the then current Fiscal Year;

(iii) for the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, or subaccounts therein, in the Sinking Fund in an amount equal to the Debt Service Reserve Requirement;

** There will not be a Debt Service Reserve Account funded for the 2016A Bonds.

(iv) for deposit to the Rebate Fund, an amount of moneys sufficient to pay the Rebate Amount.

(C) Third, to the Building Maintenance and Equipment Reserve Fund, the amounts required by the Resolution.

Covenants of the Board

The Board has additionally covenanted in the Resolution as follows:

(A) That it will punctually pay the Pledged Revenues in the manner and at the times provided in the Resolution and that it will duly and punctually perform and carry out all the covenants of the Board and the duties imposed upon the Board by the Resolution.

(B) That in preparing, approving and adopting any budget controlling or providing for the expenditures of its funds for each budget period it will allocate, allot and approve from the Housing System Revenues and other available funds the amounts sufficient to pay the Pledged Revenues due under the Resolution.

(C) That it will from time to time recommend, fix and include in its budgets such revisions to the rentals, fees and other charges which will produce Housing System Revenues sufficient to pay, when due, the amounts required under the Resolution.

(D) That it will continue to collect Housing System Revenues at the rates which are in effect at any particular time.

Additional Parity Bonds

The Resolution provides that Additional Parity Bonds may be issued, but only upon the following terms, restrictions and conditions: (A) the proceeds from such Additional Parity Bonds will be used to acquire and construct capital additions or improvements to the Housing System; (B) all previously authorized certificates or Bonds will have been issued and delivered, or the authority for the unused portion will have been canceled; (C) the Board must authorize the issuance of such Additional Parity Bonds; (D) the Board of Administration must approve the fiscal sufficiency of such Additional Parity Bonds; (E) certificates will be executed by the Board setting forth (1) the average amount of Pledged Revenues from the two Fiscal Years immediately preceding the issuance of the proposed Additional Parity Bonds, and (2) (i) the maximum annual debt service on the Prior Lien Obligations then Outstanding, and (ii) the maximum annual debt service on the Bonds then Outstanding and the Additional Parity Bonds then proposed to be issued; (F) the Board must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution and the Board must be currently in compliance with the covenants and provisions of the Resolution and any supplemental resolution hereafter adopted for the issuance of Additional Parity Bonds, unless upon the issuance of such Additional Parity Bonds the Board will be in compliance with all such covenants and provisions; and (G) except for certain refunding bonds, the average amount of Pledged Revenues for the two immediately preceding Fiscal Years, as adjusted as provided for in the Resolution, as certified by the Board, will be at least equal to 130% of the maximum annual debt service on (i) the Prior Lien Obligations and the Bonds then Outstanding, and (ii) the Additional Parity Bonds then proposed to be issued. The Prior Lien Obligations are the Florida Atlantic University Dormitory Revenue Certificates, Series 1964, 1966A and 1966B, which are no longer Outstanding.

The Bonds may be refunded in whole or in part as long as the Additional Parity Bond requirements are complied with, except that refunding bonds with a lower Annual Debt Service Requirement than the Bonds they are refunding do not have to comply with the coverage provisions of the preceding paragraph.

The Resolution provides that for purposes of the Additional Parity Bond test, Pledged Revenues may be adjusted to reflect rate increases, additions to the housing facilities or the acquisition of additional housing facilities.

All of the above terms, conditions and restrictions have been complied with in the issuance of the 2016A Bonds.

HOUSING SYSTEM
(Source: Florida Atlantic University)

Introduction

The Housing System at Florida Atlantic University is operated by the Department of Housing and Residential Life (the "Department") and has been an integral part of the University since its inception. The Department creates a seamless environment of living and learning in a safe and welcoming community. Through opportunities for leadership development, civic responsibility, self-exploration, and student involvement, the Department assists students in building a life-long connection with the University community. The total student body at the Boca Raton Campus for Fall 2015 was 24,051, of which 15,650 were full-time students.

Staffing

The Department employs 66 full-time and 222 part-time employees consisting of administrative, professional, clerical, and student personnel. There are two primary residential "footprints" that serve on-campus residents: Residential-West (Algonquin Hall, Indian River Towers, Heritage Park Towers, and Glades Park Towers) and Residential Area-East (Parliament Hall, Innovation Village-North & South, University Village Apartments). Each residential area has Assistant Directors, Area Coordinators, Resident Coordinators, Administrative Assistants, Mailroom Coordinators, Resident Assistants and Desk Assistants (student staff members).

The Assistant Directors provide supervision to the two residential areas of housing (East and West). Area Coordinators and Resident Coordinators respond to emergencies, supervise the student support staff, coordinate educational and social programs for the resident students, distribute information to students and provide referral services for advising, as well as, counsel students with personal and career planning challenges and opportunities. Administrative assistants manage the actual occupancy of each area: coordinate room changes, key control, facility work orders, and the cleaning of rooms, as required. Additionally, administrative assistants offer indirect supervision of the desk assistants. Resident Assistant staff are upper-class or graduate students who live on the floors offering supervision, educational opportunities, resources and transitional assistance to students.

In 2011, the Department entered into a contract with Capstone- On- Campus Management (COCM) to manage custodial and maintenance work on the Housing facilities. The custodial and maintenance staff are assigned to specific areas during the academic year. Currently, there are 32 full-time employees employed by COCM.

Housing Facilities

Florida Atlantic University has provided housing for its students from its inception. The first generation of FAU Housing included ten residence halls and apartments. These halls have all been demolished with the exception of Algonquin Hall. Housing capacity stayed relatively stable throughout the first 30 years of FAU's history.

Currently, the Housing System consists of five residence halls and apartment complexes on the Boca Raton campus with a capacity of 2,362 students. Algonquin Hall**,** built in 1965, houses 94 upper-class students with 12-month contracts in single bedrooms within 4-person suites. University Village Apartments, built in 1993, houses 440 upper-class students in 2 styles of apartments, 4-person suites and single/double studios. University Village Apartments provides both academic year and 12 month contracts to students. It also includes the Business & Professional Women Housing (BPWH), built in 1996, which houses 17 women showing exceptional financial need. Indian River Towers (IRT), built in 2001, houses 607 students in 4-person suites. IRT also houses the University's premier Internship Program. Heritage Park Towers, built in 2004, houses the University's Living Learning Communities and freshman students for a total of 602 beds. Glades Park Towers which opened in August 2007 is identical to Heritage Park Towers, housing 602 first-year students in 4-person suites. Glades Park Towers also houses "Get Wise @ GPT", a residential after-hours student support center providing academic and career assistance.

All residential facilities offer single occupancy options. Current capacity of the Housing System on the Boca Raton campus is 2,362 students living in traditional and apartment style housing. Different styles of suites, increased number of single bedrooms, 12 month contracts, and living learning communities are just a few of the changes made in the last three years.

In addition to the Housing System, Florida Atlantic University has two other residence halls and apartments, Parliament Hall and Innovation Village Apartments, which were designed to meet the changing demographics and requirements of students. These facilities were financed outside the Housing System and their revenues are not part of the Housing System Revenues. The capacity of these facilities is 1,810.

Outlined below are the facilities in the Housing System and the construction dates, square footage, design capacity and number of rooms in each facility. All facilities are located on the Boca Raton campus of Florida Atlantic University.

Housing System Facilities

	Year Built	Square Footage	Current Capacity	Number of Rooms
Algonquin Hall	1965	43,398	94	94
Business & Professional Women House*	1996	4,344	17	9
Glades Park Towers	2007	151,727	602	356
Heritage Park Towers	2004	151,727	602	356
Indian River Towers	2001	203,471	607	464
University Village Apartments	1993	151,833	440	434
Total		706,500	2,362	1,713

*Part of University Village Apartments.

Capital Improvement Plan

The Department develops and implements a capital improvement plan on a five-year cycle for existing facilities. The Department has instituted a regular program of repair and maintenance for the facilities financed with reserve funds.

Insurance on Facilities

All the University facilities and the contents thereof are insured under the State Risk Management Trust Fund as required by Chapter 284, Florida Statutes.

Housing Needs Assessment

For the past five academic years, the Housing System has experienced an average occupancy rate of 93%, with a range of 88% to 99%. Current capacity of the Housing System is 2,362. The University believes that there will be an increased demand for additional housing based on four factors: the conversion from doubles to singles in Algonquin Hall and University Village Apartments; increase in returning students who want to live on campus; increase in housing amenities; and implementation of new academic initiatives.

The University maintains waiting lists for student housing. Once space is no longer available in either the residence halls or apartments, students are placed on a waiting list based on order of priority, out of state, resides more than 30 miles from campus, and/or the date of receipt of a signed housing contract. The Department contacts students as space becomes available to provide their specific assignment. A $100 application charge is received when the first-time-in-college or new transfer students enter the system. This charge is refunded if there is no available space or if the student cancels the contract while still on the waiting list.

Those students who are unable to obtain a space on campus are referred to a university-sponsored website providing them with information regarding off-campus living options. Depending upon one's criteria, the site will identify current available housing.

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Occupancy Statistics

The chart below indicates the occupancy rate based on the capacity of current University Housing System facilities for the past five fall semesters.

Housing System
Fall Semester Occupancy Analysis[1]

Fall	Capacity	Occupancy	Occupancy as % of Capacity	Boca Raton Campus Full-time Enrollment	Boca Raton % of Full-Time Students Residing on Campus
2012	2,447	2,359	96%	15,343	15%
2013[2]	2,447	2,152	88%	15,710	14%
2014[3,4]	2,414	2,131	88%	15,154	14%
2015[5]	2,362	2,260	96%	15,650	14%
2016	2,362	2,339	99%	15,693	15%

1 Information in this table does not reflect Innovation Village Apartments or Parliament Hall which, although on campus, are not a part of the Housing System.
2 The elimination of Living Learning Communities, an integrated curricular and co-curricular experience that fosters faculty and resident interaction, resulted in an unanticipated drop in occupancy. This program was reinstated for Fall 2014.
3 Capacity decreased due to the conversion of Double (Studio) rooms in University Village Apartments to single rooms.
4 Occupancy remained at 88% due to an unanticipated decline of approximately 550 students on FAU's main campus.
5 Additional conversion of double (studio) rooms in University Village Apartments to single room.

Unpaid housing rent is placed on the University's student accounts receivable and after a reasonable period of time, the debt is referred to a collection agency. Students are precluded from registering for a subsequent term and receiving grades until housing charges are paid. The University's historical collection rate of rentals and housing fees is 98%.

On-Campus Rental Rates

Rental rates are reviewed and approved during the fall semester of each year to assure sufficient revenue to provide for the operation of the Housing System. Once the proposed rental rates are established, the Director of the Department meets with student groups to discuss the proposed rental rates. Upon reaching an agreement, the proposed rental rates are submitted to a University Committee for review, and then to the University President for review and to the University Board of Trustees for final approval.

The following table shows historical and projected rental rates for the accommodations available to students in the Housing System. Rental rate increases are based on annual market surveys and needs analyses. The Board has covenanted in the Resolution to recommend, fix and include in its budget rental rates that will produce sufficient revenues to pay amounts due under the Resolution.

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The projected rental rates provided below are for illustration purposes only and are subject to change.

Semester Rental Rates per Student
(Fall & Spring Semester Only)

	Historical Rates					Projected Rates			
	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Algonquin									
Single	$2,825	$2,966	$3,000	$3,300	$3,300	$3,300	$3,358	$3,417	$3,476
Double	-	-	-	$3,050	$3,050	$3,050	$3,103	$3,158	$3,213
Glades Park Towers									
Double	$2,938	$3,938	$3,300	$3,050	$3,050	$3,050	$3,103	$3,158	$3,213
Super Double	$3,537	$3,537	$3,600	$3,650	$3,650	$3,650	$3,714	$3,779	$3,845
Single	$3,899	$3,899	$4,100	$4,160	$4,160	$4,160	$4,233	$4,307	$4,382
Heritage Park Towers									
Double	$2,938	$3,938	$3,300	$3,050	$3,050	$3,050	$3,103	$3,158	$3,213
Super Double	$3,537	$3,537	$3,600	$3,650	$3,650	$3,650	$3,714	$3,779	$3,845
Single	$3,899	$3,899	$4,100	$4,160	$4,160	$4,160	$4,233	$4,307	$4,382
Indian River Towers									
Double	$3,237	$3,237	$3,300	$3,365	$3,365	$3,365	$3,424	$3,484	$3,545
Single	$4,271	$4,407	$4,500	$4,600	$4,600	$4,600	$4,681	$4,762	$4,846
University Village Apartments									
4-Bedroom (Single)	$3,842	$4,045	$4,100	$4,200	$4,200	$4,200	$4,274	$4,348	$4,424
4-Bedroom (Single, 12M)	-	-	-	$4,330	$4,330	$4,330	$4,406	$4,483	$4,561
Double (Studio)	$2,995	$3,085	$3,100	$3,100	$3,100	$3,100	$3,103	$3,158	$3,213
1-Bedroom (Single, Efficiency)	-	-	$4,500	$4,600	$4,600	$4,600	$4,681	$4,762	$4,846
1-Bedroom (Single, Efficiency, 12M)	-	-	-	$5,100	$5,100	$5,100	$5,189	$5,280	$5,372

Comparison of Housing Rates

The rates for Innovation Village Apartments and Parliament Hall, which are not part of the Housing System but are located on the Boca Raton campus, are as shown below.

	Semester Rate* Per Student 2016-17
Innovation Village Apartments North	
4-Bedroom (Single)	$5,180
2-Bedroom (Single)	$5,480
1-Bedroom (Single)	$5,680
Innovation Village Apartments South	
4-Bedroom (Single)	$5,180
1-Bedroom (Single)	$5,680
Parliament Hall	
Double	$3,365
Single	$4,600

*Fall and Spring semesters only.

City of Boca Raton off-campus rental rates have typically been high and have increased consistently since 2009. The area immediately surrounding the Boca Raton campus provides student-oriented, reasonably-priced housing options.

A survey of comparable off-campus facilities follows. The off-campus facilities selected for this survey are located within eight miles of the University and are primarily all student apartment facilities. The off-campus rental rates do not include any auxiliary services other than water and sewage, nor do they include deposits for utilities or telephone. Rental rates for University Housing include all utilities, local telephone service, cable television, high speed internet connections, supervisory/residential life staff and night security.

Survey of Off-Campus Housing Rates
(As of 2015)

		Rental Rate Per Month (Per Unit)		
Complex Name	**Proximity (Miles)**	**One Bedroom**	**Two Bedroom**	**Three Bedroom**
University Park	0.3	$999-$1,299	N/A	N/A
Bicycle Club	1.3	650-680	N/A	N/A
Delray Verana	8.0	1,272	$1,537	$1,982
Camino Real Apartments	3.7	1,450	1,690	1,995
Gables Town Place	3.5	1,375	1,740	2,160
University Square	1.3	1,125-1,185	865	N/A

Budgetary Information

Every Fall semester, the proposed Housing System budget for the subsequent fiscal year is finalized and approved by the Board of Trustees. The budget figures are based upon actual numbers from the prior year, current fiscal activity, and projected changes in cost structures anticipated for future fiscal years. The budget for the housing program is prepared by the Housing team and approved by the Vice President for Student Affairs. Any changes to the budget are submitted to the Vice President for Financial Affairs and Chief Financial Officer with a financial plan indicating the purpose of the proposed expenditure, the effect on revenues, and whether available cash balances will be used.

Presented below is a comparison of the budget versus actual performance of the Housing System. Actual results were prepared using an accrual basis of accounting and in accordance with Generally Accepted Accounting Standards including Governmental Accounting Standards Board ("GASB"). The budget is prepared using standard University budget categories, which do not correspond to financial reporting categories. Accordingly, there are some categories, Application Fees and Telecommunication, Expenditures, which appear as not being budgeted.

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For an analysis of performance for Fiscal Year 2015-16, see “Management Discussion & Analysis of Financial Condition and Results of Operations” below.

Comparison Budget to Actual*

	Fiscal Year 2014-15			Fiscal Year 2015-16			Fiscal Year 2016-17
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**
Revenues:							
Housing Fees	$15,564,943	$14,132,979	$(1,431,964)	$17,120,522	$15,909,678	$(1,210,844)[4]	$16,757,016
Application Fees	-	285,794	285,794	-	316,500	316,500	175,000
Rental Income	280,230	293,020	12,790	396,920	300,619	(96,301)	385,349
Miscellaneous Revenue	98,500	63,522	(34,978)	99,670	79,128	(20,542)	101,663
Total Operating Revenues	$15,943,673	$14,775,315	($1,168,358)[1]	$17,617,112	$16,605,925	($1,011,187)	$17,419,028
Operating Expenditures:							
Personnel Expenditures	$3,881,740	$2,427,597	$1,454,143	$2,859,313	$2,650,930	$208,383	$3,933,576
Utilities	1,577,684	1,879,403	(301,719)	1,370,271	1,285,321	84,950	2,114,827
Marketing/Printing	734,082	451,635	282,447	619,939	527,616	92,323	492,891
Maintenance	744,504	1,855,535	(1,111,031)[2]	728,200	1,324,109	(595,909)[5]	670,200
Service Contracts	468,678	456,713	11,965	1,523,600	1,491,917	31,683	453,290
Telecommunication[3]	-	-	-	545,630	479,813	65,817	-
Miscellaneous & OCO	428,823	502,658	(73,835)	455,436	376,396	79,040	1,250,847
Total Operating Expenditures	$7,835,511	$7,573,541	$261,970	$8,102,389	$8,136,102	($33,713)	$8,915,631
Operating Income	$8,108,162	$7,201,774	$(1,430,328)	$9,514,723	$8,469,823	$(977,474)	$8,503,397

[1] Revenues in Fiscal Year 2014-15 were lower than budgeted due to lower revenues from camps and summer conferences, a decrease in revenue generated from fines, and lower investment income.

[2] Certain current expenses in Fiscal Year 2014-15 were higher than budgeted due to a new consulting contract with Capstone-On-Campus Management, new amenities to attract new students, and new marketing initiatives to assist in developing and implementing a strategy to increase occupancy through retention of upper class students and new transfer students. In addition, a new agreement with Novitex, a mail services provider, was implemented to facilitate campus services and additional contractual services for maintenance projects added to the increase in Fiscal Year 2014-15 expenditures.

[3] Telecommunication expense was not separately budgeted in Fiscal Year 2014-15, but was included in utilities expense.

[4] Fiscal Year 2015-16 revenue is below budgeted due to Summer 2016 revenues budgeted based on utilization of Glades Park Towers, but the University later decided to use Parliament Hall which is not a part of the System.

[5] The variance is primarily due to increased investment in facilities according to the University’s capital replacement and repair plan. Such items included HVAC repair and maintenance due to the aging infrastructure, carpet and flooring installation, painting, new ice machines, shower/bathroom upgrades, building sealants, and ADA shower upgrades.

*This information has been prepared by the University for Internal Management Purposes only and has not been audited.

Selected Historical Financial Information

The following tables set forth selected historical financial information for the University Housing System for the five fiscal years ended June 30, 2016. The financial information for the Housing System was prepared by the University for internal management purposes as an integral part of the University’s financial statements and was not independently audited. The Housing System information was prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles and in accordance with the Governmental Accounting Standards Board.

The activities of the Housing System are included in the University Financial Statements. The University Financial Statements are independently audited by the State Auditor General’s office. University Financial Statements for the Fiscal Year ended June 30, 2015, are reproduced as Appendix G and Housing System Financial Statements for the Fiscal Year ended June 30, 2016, are reproduced as Appendix H.

Housing System
Statement of Net Position
(Unaudited)
As of June 30

Assets:	**2012**	**2013**	**2014**	**2015**	**2016**
Current Assets:					
Cash	$7,540,532	$3,645,847	$6,353,012	$6,339,676	$6,129,019
Investment	8,036,426	8,036,426	7,402,367	6,480,433	4,547,211
Accounts Receivable (net)	1,171,192	576,752	678,050	537,951	501,338
Prepaid Items	-	1,434	-	-	-
Due from US Bank	416,526	-	-	-	-
Due from University	-	1,235,754	696,679	485,275	796,031
Total Current Assets	**$17,164,676**	**$13,496,213**	**$15,130,108**	**$13,843,335**	**$11,973,599**
Noncurrent Assets:					
Building and Building Improvements	$95,529,530	$95,803,162	$96,741,021	$98,548,652	$98,707,110
Infrastructure and Other Equipment	772,298	888,268	888,268	830,283	1,250,886
Furniture and Equipment	753,665	783,174	865,473	853,591	1,036,038
Computer Software	50,000	50,000	50,000	50,000	76,646
Construction in Progress	-	-	334,188	-	314,405
Accumulated Depreciation	(17,538,145)	(19,829,073)	(21,954,521)	(24,152,785)	(26,635,544)
Total Noncurrent Assets	**$79,567,348**	**$77,695,531**	**$76,924,429**	**$76,129,741**	**$74,749,541**
Deferred Fiscal Charges	$571,587	$543,735	-	-	-
Total Assets	**$97,303,611**	**$91,735,479**	**$92,054,537**	**$89,973,076**	**$86,723,140**
Liabilities:					
Current Liabilities:					
Accounts Payable	$174,611	$534,105	$971,584	$1,169,300	$460,561
Due to Other Departments	6,006,296	265,310	612,994	363,123	213,611
Unearned Revenue	220,636	87,302	292,016	-	77,890
Total Current Liabilities	**$6,401,543**	**$886,717**	**$1,876,594**	**$1,532,423**	**$752,062**
Noncurrent Liabilities:					
Capital Improvement Debt Payable (net)	$68,626,960	$66,017,548	$63,303,135	$60,483,723	$57,544,310
Total Noncurrent Liabilities	**$68,626,960**	**$66,017,548**	**$63,303,135**	**$60,483,723**	**$57,544,310**
Total Liabilities	**$75,028,503**	**$66,904,265**	**$65,179,729**	**$62,016,146**	**$58,296,372**
Net Position:					
Invested in Capital Assets, net of related debt	$11,511,975	$12,221,718	$13,621,294	$15,646,018	$17,205,231
Unrestricted	10,763,133	12,609,496	13,253,514	12,310,912	11,221,537
Total Net Position	**$22,275,108**	**$24,831,214**	**$26,874,808**	**$27,956,930**	**$28,426,768**
Total Liabilities and Net Position	**$97,303,611**	**$91,735,479**	**$92,054,537**	**$89,973,076**	**$86,723,140**

Housing System
Statement of Revenues, Expenses, and Changes in Net Position
(Unaudited)
For the Year Ended June 30

	2012	2013	2014	2015	2016
Revenues:					
Housing Fees	$15,948,632	$16,094,129	$15,296,772	$14,132,979	$15,914,581
Application Fees	-	-	-	285,794	316,500
Rental Income	176,174	280,654	429,492	293,020	342,408
Miscellaneous Revenue	88,027	122,893	95,064	63,522	32,436
Total Operating Revenues	$16,212,833	$16,497,676	$15,821,328	$14,775,315	$16,605,925
Operating Expenses:					
Salaries and Benefits	$1,788,614	$2,670,167	$2,622,769	$2,427,597	$2,650,930
Contractual Services	1,607,027	432,914	469,377	456,713	1,491,917
Telecommunication	428,885	453,641	482,713	523,907	479,813
Freight and Postage	16,266	17,021	7,394	6,735	1,332
Printing	40,200	39,184	40,088	39,604	24,171
Repairs and Maintenance	1,081,302	2,275,896	1,130,726	1,855,535	1,324,109
Travel	96,545	91,135	55,736	55,579	36,630
Utilities	1,237,971	1,177,830	1,527,942	1,355,496	1,285,321
Depreciation Expense	2,075,278	2,227,871	2,194,533	2,053,365	2,379,438
Materials and Supplies	207,871	498,530	377,405	412,031	503,445
Insurance	12,196	15,919	24,748	72,753	19,705
Other Expenses	182,595	882,085	413,648	367,591	318,729
Total Operating Expenses	$8,774,750	$10,782,193	$9,347,079	$9,626,906	$10,515,540
Operating Income/Loss	$7,438,083	$5,715,483	$6,474,249	$5,148,409	$6,090,385
Non-Operating Revenues (Expenses):					
Interest Income	$86,630	$135,864	$76,659	$52,287	$58,831
Debt Service - Interest	(3,292,530)	(3,082,879)	(3,057,928)	(2,948,826)	(2,832,530)
Other Non-Operating Expenses	(78,903)	-	-	(61,021)	(37,896)
Net Non-Operating Revenues / (Expenses)	($3,284,803)	($2,947,015)	($2,981,269)	($2,957,560)	($2,811,595)
Income Before Transfers	$4,153,280	$2,768,468	$3,492,980	$2,190,849	$3,278,790
Transfers In / (Out):					
Administrative Overhead	($187,289)	($212,362)	($248,207)	($271,690)	($293,259)
Transfers-Out	-	-	(657,444)	(837,037)	(2,515,693)
Net Transfers In / (Out)	($187,289)	($212,362)	($905,651)	($1,108,727)	($2,808,952)
Change in Net Position	$3,965,991	$2,556,106	$2,587,329	$1,082,122	$469,838
Total Net Assets - Beginning	$18,309,117	$22,275,108	$24,831,214	$26,874,808	$27,956,930
Adjustment to Beginning Net Position	-	-	($543,735)	-	-
Net Position, Beginning of Year, as Restated	$18,309,117	$22,275,108	$24,287,479	$26,874,808	$27,956,930
Net Position, End of Year	$22,275,108	$24,831,214	$26,874,808	$27,956,930	$28,426,768

Management Discussion and Analysis of Financial Condition and Results of Operations

The operation of the housing facilities depends primarily on student housing fees. Interest income, conference fees, damage charges, contract penalties and late fees provide additional income to the Housing System. Revenues from the Housing System, after providing for payment of operating expenses, are pledged to satisfy debt service obligations.

Operating expenses primarily include costs associated with salaries, utilities, daily maintenance functions, supplies, and general maintenance and upkeep of the Housing System facilities. Other non-operating expenses include those necessary for capital improvements to the facilities.

Over the past five fiscal years, operating revenues increased by a modest 2.4% from $16.3 million in 2011-12 to $16.6 million in 2015-16. Operating expenses have grown 21% over the past five fiscal years, ranging from $8.8 million in 2011-12 to $10.5 million in 2015-16. As a result of this, operating income of the Housing System has declined from $7.4 million in 2011-12 to $6.1 million in 2015-16. Operating revenues declined in Fiscal Years 2013-14 and 2014-15 primarily due to lower occupancy rates. Fiscal Year 2014-15 revenues were also less than the previous year due to lower revenues from camps and summer conferences and a decrease in fines revenues. Current expenses increased in Fiscal Year 2014-15 due to a now concluded consulting contract with Capstone-on-Campus Management, new amenities to attract new students, and new marketing initiatives to assist in developing and implementing a strategy to increase occupancy through retention of upper class students and new transfer students. In addition, a new agreement with Novitex, a mail services provider, was implemented to facilitate campus services and additional contractual services for maintenance projects added to the increase in expenditures realized in Fiscal Year 2014-15. However, the most current fiscal year shows better performance than the five-years overall. From Fiscal Year 2014-15 to 2015-16, operating revenues increased 12.4% from $14.8 million to $16.6 million due to an increase in occupancy. Operating expenses increased in the same period by 9.2%, from $9.6 million to $10.5 million. Due to restructuring of operations and inventory in Fiscal Year 2014-15, the efficiency and productivity gains began to pay dividends, as the operating margin increased from 34.8% to 36.7%. The University invests heavily in its capital replacement plans when it experiences significant positive operating margins. As a result, contractual services, increased from $456,000 in Fiscal Year 2014-15 to $1.5 million in 2015-16.

For a second year in a row, in 2015-16, Department management implemented aggressive strategies to boost occupancy by providing new housing amenities, increasing marketing to both parents and new/returning/transfer students, strengthening participation in new student orientation, increasing social media presence, and building a more comprehensive and cohesive new student on-boarding process (admissions, financial aid, registrar, orientation, academic advising and housing). Additionally, Fall 2015 was the second time Department management launched its re-contracting for the following fiscal year. As a result of these strategies, the University realized 96% occupancy in Fall 2015 and 99% occupancy for Fall 2016.

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Historical Debt Service Coverage

The following table sets forth historical operating results and debt service coverage ratios for the past five fiscal years.

Housing System
Historical Debt Service Coverage
(Unaudited)
Fiscal Year Ended June 30

	2012	2013	2014	2015	2016
Gross Revenues:					
Housing Fees and Other Operating Revenues [1]	$16,212,833	$16,497,676	$15,821,328	$14,775,315	$16,605,925
Investment Revenue [2]	86,630	135,864	76,659	52,287	58,831
Total Revenues	$16,299,463	$16,633,540	$15,897,987	$14,827,602	$16,664,756
Less: Current Expenses [3]	$6,699,471	$7,480,678	$7,152,546	$7,573,542	$8,136,102
Pledged Revenues	$9,599,992	$9,152,862	$8,745,441	$7,254,060	$8,528,654
Less: Annual Debt Service on the Parity Bonds	$5,761,935	$5,766,685	$5,765,723	$5,761,904	$5,765,904
Pledged Revenues after Debt Service and Available for Other Expenditures	$3,838,057	$3,386,177	$2,979,718	$1,492,156	$2,762,750
Maximum Annual Debt Service on the Parity Bonds	$5,776,873	$5,776,873	$5,776,873	$5,776,873	$5,776,873
Debt Service Coverage:					
Annual Debt Service	1.67x	1.59x	1.52x	1.26x	1.48x
Maximum Annual Debt Service	1.66x	1.58x	1.51x	1.26x	1.48x

[1] The financial information related to revenues and expenses were provided by the University.
[2] Investment revenue includes interest on the available cash balances in the Housing System operating accounts.
[3] Current expenses are operating expenses of the Housing System as defined in the Resolution and net of depreciation.

Projected Pledged Revenues and Debt Service Coverage

Projected operating results and debt service coverage ratios for the next five fiscal years are provided in the following table. The projections of future operating results have been prepared by the University based upon the most recent available information, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause the actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.

Revenue projections for the existing facilities are based on rental rate increases of 1% in Fiscal Year 2017-18 and 2% thereafter per year. Student occupancy rates of 94% for Fiscal Year 2017-18, 95% for Fiscal Years 2018-19 and 2019-20, and 96% for Fiscal Year 2020-21 are projected. Operating expenses for the Housing System during the forecast period are based upon the University's past experience and are projected to increase 1% annually for Fiscal Year 2017-18 and 2% for Fiscal Years 2018-19 through 2020-21.

Housing System
Projected Debt Service Coverage
(Unaudited)
Fiscal Year Ended June 30

	2017	2018	2019	2020	2021
Gross Revenues[1]:					
Housing Fees and Other Operating Revenues	$17,437,904	$17,612,283	$17,964,529	$18,323,819	$18,690,296
Investment Income[2]	59,125	59,421	59,718	60,016	60,317
Total Revenues	$17,497,029	$17,671,704	$18,024,247	$18,383,835	$18,750,613
Less: Current Expenses[1]	$9,092,822	$9,183,750	$9,367,425	$9,554,774	$9,745,869
Pledged Revenues	$8,404,207	$8,487,954	$8,656,822	$8,829,061	$9,004,744
Less: Annual Debt Service					
Parity Bonds	$2,954,273	-	-	-	-
2016A Bonds	2,609,323	$5,386,950	$5,379,550	$5,392,300	$5,386,800
Total Debt Service	$5,563,596	$5,386,950	$5,379,550	$5,392,300	$5,386,800
Revenues Available for Other Expenditures	$2,840,611	$3,101,004	$3,277,272	$3,436,761	$3,617,944
Maximum Annual Debt Service on Parity Bonds	$5,563,596	$5,392,300	$5,392,300	$5,392,300	$5,386,800
Debt Service Coverage:					
Annual Debt Service	1.51x	1.58x	1.61x	1.64x	1.67x
Maximum Annual Debt Service	1.51x	1.57x	1.61x	1.64x	1.67x

1 The financial projections related to revenues and expenses were provided by the University. Projections are for illustrative purposes only. No assurance can be given that material differences between such projections and actual results will not occur.

2 Includes operating investment income only.

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SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Bonds which will be Outstanding subsequent to the refunding accomplished with the proceeds of the 2016A Bonds, the debt service on the 2016A Bonds and the total debt service. Amounts due on July 1 are included in the previous fiscal year.

Fiscal Year Ending June 30	Outstanding Bonds[1]	2016A Bonds Debt Service Principal	2016A Bonds Debt Service Interest	2016A Bonds Debt Service Total	Total Debt Service
2017	$2,954,273	$1,520,000	$1,089,323	$2,609,323	$5,563,596
2018	-	2,935,000	2,451,950	5,386,950	5,386,950
2019	-	3,045,000	2,334,550	5,379,550	5,379,550
2020	-	3,210,000	2,182,300	5,392,300	5,392,300
2021	-	3,365,000	2,021,800	5,386,800	5,386,800
2022	-	2,460,000	1,853,550	4,313,550	4,313,550
2023	-	2,580,000	1,730,550	4,310,550	4,310,550
2024	-	2,720,000	1,601,550	4,321,550	4,321,550
2025	-	2,855,000	1,465,550	4,320,550	4,320,550
2026	-	2,995,000	1,322,800	4,317,800	4,317,800
2027	-	3,145,000	1,173,050	4,318,050	4,318,050
2028	-	3,300,000	1,015,800	4,315,800	4,315,800
2029	-	3,465,000	850,800	4,315,800	4,315,800
2030	-	3,645,000	677,550	4,322,550	4,322,550
2031	-	2,330,000	495,300	2,825,300	2,825,300
2032	-	2,450,000	378,800	2,828,800	2,828,800
2033	-	2,540,000	280,800	2,820,800	2,820,800
2034	-	1,435,000	179,200	1,614,200	1,614,200
2035	-	1,495,000	121,800	1,616,800	1,616,800
2036	-	1,550,000	62,000	1,612,000	1,612,000
	$2,954,273	$53,040,000	$23,289,023	$76,329,023	$79,283,296

[1] Excludes the Refunded Bonds.
Note: Numbers may not add due to rounding.

PROVISIONS OF STATE LAW

Bonds Legal Investment for Fiduciaries

The State Bond Act provides that all bonds issued by the Division of Bond Finance are legal investments for state, county, municipal or other public funds, and for banks, savings banks, insurance companies, executors, administrators, trustees, and all other fiduciaries and also are securities eligible as collateral deposits for all state, county, municipal, or other public funds.

Negotiability

The 2016A Bonds will have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the 2016A Bonds in order that interest on the 2016A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2016A Bonds to be included in federal gross income retroactive to the date of issuance of the 2016A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the 2016A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Board, the Division of Bond Finance and the Board of Administration have covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the 2016A Bonds.

In the opinion of Bond Counsel, assuming compliance with the aforementioned covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2016A Bonds is excluded from gross income of the holders thereof for purposes of federal income taxation. Interest on the 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, however, interest on the 2016A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The 2016A Bonds and the income thereon are not subject to any tax under the laws of the State of Florida except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of 2016A Bonds. Prospective purchasers of 2016A Bonds should be aware that the ownership of 2016A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry 2016A Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on the 2016A Bonds, (iii) the inclusion of interest on the 2016A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on 2016A Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) the inclusion of interest on the 2016A Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for purposes of determining whether such benefits are included in gross income for federal income tax purposes.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the 2016A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2016A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2016A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the 2016A Bonds and proceeds from the sale of 2016A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2016A Bonds. This withholding generally applies if the owner of 2016A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2016A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Tax Treatment of Bond Premium

The 2016A Bonds maturing in 2017 through 2032 were offered at prices in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a bond over the principal amount of the bond (other than for a bondholder who holds a bond as inventory, stock in trade, or for sale to customers in the ordinary course of business) is generally characterized as "bond premium." For federal income tax purposes, bond premium is amortized over the term of the bonds or to the first optional redemption date in the case of callable bonds. A bondholder will therefore be required to decrease his basis in the 2016A Bonds by the amount of amortizable bond premium attributable to each taxable year such bondholder holds such 2016A Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Bondholders of such 2016A Bonds should consult their own tax advisors with respect to the precise determination of federal income tax treatment of bond premium upon sale, redemption, or other disposition of such 2016A Bonds.

Tax Treatment of Original Issue Discount

The 2016A Bonds maturing in 2036 were offered and sold to the public at prices below their maturity amount. Under the Code, the difference between the maturity amounts of such 2016A Bonds and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of 2016A Bonds of the same maturity was sold is "original issue discount." Original issue discount will accrue over the terms of such 2016A Bonds at a constant interest rate compounded periodically. A purchaser who acquires such 2016A Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such 2016A Bonds, and will increase his adjusted basis in such 2016A Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such 2016A Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of such 2016A Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of such 2016A Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of 2016A Bonds and with respect to the state and local tax consequences of owning and disposing of such 2016A Bonds.

Purchase, ownership or sale or disposition of the 2016A Bonds and the receipt of the interest thereon may have adverse federal tax consequences for certain individual and corporate bondholders. Prospective 2016A Bondholders should consult their tax specialists for information in that regard.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the 2016A Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the 2016A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the 2016A Bonds and their market value. No assurance can be given that legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the 2016A Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been made and others are likely to be made that could significantly reduce the benefit of, or otherwise effect, the exclusion from gross income of interest on obligations like the 2016A Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of the 2016A Bonds.

State Taxes

The 2016A Bonds and the income therefrom are not subject to any taxation by the State or any county, municipality, political subdivision, agency, or instrumentality of the State, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

Florida laws governing the imposition of estate taxes do not provide for an exclusion of state or local bonds from the calculation of the value of the gross estate for tax purposes. Florida's estate tax is generally calculated on the basis of the otherwise unused portion of the federal credit allowed for state estate taxes. Under Chapter 198, Florida Statutes, all values for state estate tax purposes are as finally determined for federal estate tax purposes. Since state and local bonds are included in the valuation of the gross estate for federal tax purposes, such obligations would be included in such calculation for Florida estate tax purposes. Prospective owners of the 2016A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2016A Bonds for estate tax purposes.

The 2016A Bonds and the income therefrom are subject to the tax imposed by Chapter 220 on interest, income, or profits on debt obligations owned by corporations and other specified entities.

MISCELLANEOUS

Investment of Funds

University funds are invested based on the University's Board approved investment policy, as prescribed by Section 218.415, Florida Statutes.

Funds held pursuant to the Resolution - The Resolution directs the manner in which funds held in the various funds may be invested. At closing, the net proceeds of the 2016A Bonds will be held uninvested in cash. After collection, the Pledged Revenues are transferred to the Revenue Fund in the State Treasury, and amounts required for debt service are transferred to the Sinking Fund held by the Board of Administration. See "*Investment by the Chief Financial Officer*" and "*Investment by the Board of Administration"* below.

Investment by the Chief Financial Officer - Funds held in the State Treasury are invested by internal and external investment managers. As of June 30, 2016, the ratio was approximately 49% internally managed funds, 42% externally managed funds, 4% Certificates of Deposit and 5% in an externally managed Security Lending program. The total portfolio market value on June 30, 2016, was $25,654,099,528.79.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of June 30, 2016, $17.158 billion of the investments in the Treasury consisted of accounts held by State agencies that are required by law to maintain their investments in the Treasury; additionally, $6.873 billion as of this date consisted of moneys held by certain boards, associations, or entities created by the State Constitution or by State law that are not required to maintain their investments with the Treasury and are permitted to withdraw these funds from the Treasury.

As provided by State law, the Treasury must be able to timely meet all disbursement needs of the State. Accordingly, the Treasury allocates its investments to provide for estimated disbursements plus a cushion for liquidity in instances of greater than expected disbursement demand.

To this end, a portion of Treasury's investments are managed for short term liquidity and preservation of principal. The remainder is managed to obtain maximum yield, given the safety parameters of State law and Treasury's Comprehensive Investment Policy. Investments managed for short term liquidity and preservation of principal are managed "internally" by Treasury personnel. The majority of investments managed for a maximum return are managed by "external" investment managers not employed by the State.

The Externally Managed Investment Program provides long term value while limiting risk appropriately and provides a backup source of liquidity. External investment strategy focuses on medium term and long term fixed income securities, rather than money market instruments, in order to take advantage of higher returns historically achieved by such securities. Portfolio managers are hired to actively manage funds. These funds may be invested in U.S. Treasury government agency obligations, investment grade corporate debt, municipal debt, mortgage backed securities, asset backed securities, and U.S. dollar denominated investment grade foreign bonds that are registered with the Securities and Exchange Commission. The managers may also use leveraging techniques such as forward purchase commitments, and interest rate futures.

Investment by the Board of Administration - The Board of Administration manages investment of assets on behalf of the members of the Florida Retirement System (the "FRS") Defined Benefit Plan. It also acts as sinking fund trustee for most State bond issues and oversees the management of FRS Investment Plan investment options, Florida Hurricane Catastrophe Fund moneys, a short-term investment pool for local governments and smaller trust accounts on behalf of third party beneficiaries.

The Board of Administration adopts specific investment policy guidelines for the management of its funds which reflect the long-term risk, yield, and diversification requirements necessary to meet its fiduciary obligations. As of June 30, 2016, the Board of Administration directed the investment/administration of 30 funds in 530 portfolios.

As of June 30, 2016 the total market value of the FRS (Defined Benefit) Trust Fund was $141,420,636,601.12. The Board of Administration pursues an investment strategy which allocates assets to different investment types. The long-term objective is to meet liability needs as determined by actuarial assumptions. Asset allocation levels are determined by the liquidity and cash flow requirements of the FRS, absolute and relative valuations of the asset class investments, and opportunities within those asset classes. Funds are invested internally and externally under a Defined Benefit Plan Investment Policy Statement.

The Board of Administration uses a variety of derivative products as part of its overall investment strategy. These products are used to manage risk or to execute strategies more efficiently or more cost effectively than could be done in the cash markets. They are not used to speculate in the expectation of earning extremely high returns. Any of the products used must be within investment policy guidelines designed to control the overall risk of the portfolio.

The Board of Administration invests assets in 29 designated funds other than the FRS (Defined Benefit) Trust Fund. As of June 30, 2016, the total market value of these funds equaled $35,121,146,461.32. Each fund is independently managed by the Board of Administration in accordance with the applicable documents, legal requirements and investment plan. Liquidity and preservation of capital are preeminent investment objectives for most of these funds, so investments for these are restricted to high quality money market instruments (e.g., cash, short-term treasury securities, certificates of deposit, banker's acceptances, and commercial paper). The term of these investments is generally short, but may vary depending upon the requirements of each trust and its investment plan.

Investment of bond sinking funds is controlled by the resolution authorizing issuance of a particular series of bonds. The Board of Administration's investment policy with respect to sinking funds is that only U.S. Treasury securities, and repurchase agreements backed thereby, be used.

Bond Ratings

Moody's Investors Service, Fitch Ratings, and Standard and Poor's Ratings Services (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of A1, A+ and A, respectively, to the 2016A Bonds. Such ratings reflect only the respective views of such Rating Agencies at the time such ratings were issued, and an explanation of the significance of such ratings may be obtained from any of the respective rating agencies.

The University furnished to such Rating Agencies certain information and material in respect to the University, the Housing System, and the 2016A Bonds. Generally, Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the Rating Agencies. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the Rating Agencies, or any of them, if in their or its judgment, circumstances warrant. Any such downward change in, suspension of or withdrawal of such ratings may have an adverse effect on the market price of the 2016A Bonds.

Certain companies provide either bond insurance or reserve account surety bonds on various series of Outstanding Bonds. The Rating Agencies have evaluated (and are continuing to evaluate) the effects of the downturn in the market for certain structured finance instruments, including collateralized debt obligations and residential mortgage backed securities, on the claims-paying ability of financial guarantors. The results of these evaluations have included and may include additional ratings affirmations, changes in rating outlook, reviews for downgrade, and downgrades. To date, the Rating Agencies have downgraded the following companies as indicated: Assured Guaranty Corp. (Assured) - S&P/AA, Moody's/A3; Assured Guaranty Municipal Corp. (AG Muni - formerly, Financial Security Assurance Inc.) - S&P/AA, Moody's/A2, and MBIA Insurance Corporation - S&P/CCC, Moody's/Caa1. Assured has a stable outlook by S&P and Moody's. AG Muni has a stable outlook by both Moody's and S&P. MBIA has a negative outlook by S&P and a developing outlook by Moody's. Fitch has withdrawn its ratings for Ambac Assurance Corporation (Ambac), Financial Guaranty Insurance Company (FGIC), MBIA, Syncora Guarantee Inc. (Syncora), Assured and AG Muni; Moody's and S&P have withdrawn their ratings for FGIC, Ambac and Syncora. Potential investors are directed to the Rating Agencies for additional information on their ongoing evaluations of the financial guaranty industry and individual financial guarantors.

Litigation

Currently there is no litigation pending, or to the knowledge of the University, the Board, or the Division of Bond Finance threatened, which, if successful, would have the effect of restraining or enjoining the issuance or delivery of the 2016A Bonds or the fixing or collection of the revenues pledged thereto. Nor is there currently any litigation pending, or to the knowledge of the University, the Board, or the Division of Bond Finance threatened which questions or affects the validity of the 2016A Bonds or the proceedings and authority under which the 2016A Bonds are to be issued. Further, there is currently no litigation pending, or to the knowledge of the University, the Board, or the Division of Bond Finance threatened, which questions or affects the corporate existence of the Board or the title of the present officers to their respective offices. The University, the Board, and the Division of Bond Finance from time to time engage in routine litigation the outcome of which would not be expected to have any material adverse affect on the issuance and delivery of the 2016A Bonds.

Legal Opinion and Closing Certificates

The approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, which opinion will be provided on the date of delivery of the 2016A Bonds, as well as a certificate, executed by appropriate State officials, to the effect that to the best of their knowledge the Official Statement, as of its date and as of the date of delivery of the 2016A Bonds, does not contain an untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading. A proposed form of the legal opinion of Bond Counsel is attached hereto as Appendix J.

Continuing Disclosure

The Board of University will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2016A Bonds to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain material events. Such financial information and operating data will be transmitted to the Municipal Securities Rulemaking Board (the "MSRB") using its Electronic Municipal Market Access System ("EMMA"). Any notice of material events will also be transmitted to the MSRB using EMMA. The form of the undertaking is set forth in Appendix I, Form of Continuing Disclosure Agreement. This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission.

Neither the Board, the University nor the Division of Bond Finance has failed, in the previous five years, to comply in all material respects with any prior disclosure undertakings. However, in March 2016, the Board failed to file a material event notice of a rating downgrade within the prescribed ten business days because neither the University of North Florida nor Standard & Poor's notified the Board or the State of the rating downgrade. The material event notice of the rating downgrade was filed four days late upon the Board and the State learning of the downgrade.

Underwriting

Janney Montgomery Scott LLC (the "Underwriters") have agreed to purchase the 2016A Bonds at an aggregate purchase price of $57,904,813.35 (which represents the par amount of the 2016A Bonds plus an original issue premium of $5,256,324.40 and minus the Underwriters' discount of $391,511.05). The Underwriters may offer and sell the 2016A Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover.

Execution of Official Statement

The Division of Bond Finance and the Board have authorized the execution and delivery of the Official Statement.

DIVISION OF BOND FINANCE of the STATE BOARD OF ADMINISTRATION OF FLORIDA

RICK SCOTT
Governor, as Chairman of the Governing Board of the Division of Bond Finance

J. BEN WATKINS III
Director
Division of Bond Finance

BOARD OF GOVERNORS

THOMAS G. KUNTZ
Chair

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APPENDIX A

DEFINITIONS

“2003 Bonds” means the $35,285,000 State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003.

"2006A Bonds" means the $27,640,000 State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A.

"2006B Bonds" means the $21,775,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B.

“Additional Parity Bonds” means, at any point in time, Bonds to be issued on a parity with the Bonds then Outstanding.

“Administrative Expenses” shall mean, with respect to the Bonds or the administration of any funds under the Resolution, to the extent applicable: (I) fees or charges, or both, of the Board of Administration and the Division of Bond Finance; and (ii) such other fees or charges, or both, as may be approved by the Board of Administration or the Division of Bond Finance, including but not limited to those relating to tax law compliance, disclosure of information, paying agents, rating agencies and providers of credit enhancement; all as may be determined from time to time as necessary.

“Amortization Installment” means an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided by subsequent resolution adopted by the Division of Bond Finance and the aggregate of such Amortization Installments for each Series shall equal the aggregate principal of the Term Bonds together with redemption premiums, if any, on the Term Bonds.

“Board” means the Board of Governors, or, if and when so designated by law, that agency of the State authorized to issue bonds on behalf of the University.

“Board of Governors” means the Florida 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 Florida Atlantic University housing and dormitory revenue bonds issued from time to time pursuant to the Original Resolution.

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

“Current Expenses” means and includes all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses of the Board of Governors or the University incident to the operation of the Housing System as expanded by the terms of the Resolution, but shall exclude depreciation, all general administrative expenses of the Board of Governors or the University, the expenses of operation of auxiliary facilities the revenues of which are not pledged as security for the Bonds and the payments into the Building Maintenance and Equipment Reserve Fund provided for in the Original Resolution.

“Debt Service Reserve Account” or “Reserve Account” means the account within the Sinking Fund created pursuant to Section 4.02(B) of the Original Resolution and which shall include any subaccounts established for a particular Series of Bonds.

“Division” or “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.

"Holder of Bonds" or "Bond Holder" or any similar term, means any person who shall be the registered owner of any Bonds.

"Housing System" means Alqonquin Hall, Indian River Towers, University Village Apartments, the Heritage Park Towers and the Glades Park Towers, and such other facilities as may be subsequently added to the Housing System.

"Housing System Revenues" means all fees, rentals or other charges and income received by the University from students, faculty members and others using or being served by or having the right to use, or having the right to be served by, the Housing System and all parts thereof, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, and any special rental fees or charges for services or space provided.

"Interest Payment Date" means, for the Refunding Bonds, January 1 and July 1 of each year.

"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 Series 1993 Bonds, as amended.

"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 in the document authorizing such Bonds;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the document authorizing such Bonds 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 under the document authorizing such Bonds by the Registered Owners of a specified percentage of principal amount of such 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 Bonds Insurance Policy (or monies have been deposited to defease such payment).

"Parity Bonds" means, the 2003 Bonds, the 2006A Bonds, the 2006B Bonds, and subsequent series of Bonds issued on a parity therewith.

"Pledged Revenues" means the Housing System Revenues, after deducting the Administrative Expenses, the Current Expenses and the Rebate Amount, if any.

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

"Record Date" means December 15 for the January 1 debt service payment and June 15 for the July 1 debt service payment.

"Refunded Bonds" means a portion of the outstanding State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A, and the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B.

"Refunding Bonds" or "2016A Bonds" means the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A, authorized by the Seventh Supplemental Resolution.

"Reserve Account Credit Facility" means a Reserve Account Insurance Policy, Reserve Account Letter of Credit or other comparable insurance or financial product, if any, deposited in a subaccount of the Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein. The provider of 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 a subaccount of the Reserve Account, in lieu of or in partial substitution for cash or securities on deposit therein. The provider of 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 a subaccount of the Reserve Account, if any, in lieu of or in partial substitution for cash or securities on deposit therein. The provider of such Reserve Account Letter of Credit shall be a banking association, bank or trust company, or branch thereof whose letter of credit results in the rating of municipal obligations secured by such Letter of Credit to be rated in one of the two highest full rating categories of a Rating Agency.

"Reserve Requirement" or "Debt Service Reserve Requirement" means, with respect to each subaccount in the Debt Service Reserve Account, the lesser of (1) the Maximum Annual Debt Service on the Bonds, (2) 125% of the average annual debt service of the Bonds for the then current and succeeding Fiscal Years, (3) 10% of the par amount of the Bonds, or (4) an amount up to the maximum debt service reserve permitted with respect to tax-exempt obligations and applicable to the Bonds under the Code.

"Resolution" means, collectively, the Original Resolution, the Second Supplemental Resolution, the Sixth Supplemental Resolution, and the Seventh Supplemental Resolution.

"Revenue Fund" means the Florida Atlantic University Housing Revenue Fund created and established pursuant to Section 4.02 of the Original Resolution.

"Second Supplemental Resolution" means the resolution adopted on March 25, 2003, by the Governing Board of the Division, amending the Original Resolution.

"Series" or "Series of Bonds" means all of the Bonds authenticated and delivered on original issuance pursuant to the Original Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II of the Original Resolution, regardless of variations in maturity, interest rate or other provisions.

"Seventh Supplemental Resolution" means a resolution adopted September 20, 2016, by the Governing Board of the Division, authorizing the issuance and sale of the Refunding Bonds and amending the Original Resolution.

"Sinking Fund" means the fund created by subsection 4.02 (B) of the Original Resolution.

"Sixth Supplemental Resolution" means the resolution adopted on April 15, 2008, by the Governing Board of the Division, amending the Original Resolution.

"State" means the State of Florida.

"Term Bonds" means the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Bond Amortization Account in the Sinking Fund.

"University" means Florida Atlantic University.

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.

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APPENDIX B

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $21,000,000 STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA ATLANTIC UNIVERSITY DIVERSIFIED STUDENT APARTMENT FACILITY REVENUE BONDS, SERIES 1992, TO FINANCE THE CONSTRUCTION OF A STUDENT APARTMENT FACILITY AT FLORIDA ATLANTIC UNIVERSITY; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING FLORIDA ATLANTIC UNIVERSITY REVENUE BOND ISSUES; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION THEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION ON BEHALF OF AND IN THE NAME OF THE BOARD OF REGENTS OF THE DIVISION OF UNIVERSITIES OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION.

ARTICLE I
STATUTORY AUTHORITY, FINDINGS, AND DEFINITIONS

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. This Resolution (hereinafter the "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; Chapters 240 and 243, Florida Statutes, and other applicable provisions of law.

SECTION 1.02. FINDINGS. It is hereby found, determined, and declared as follows:

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

(B) The construction of a student apartment facility (hereinafter defined and referred to as the "1992 Project") at Florida Atlantic University (hereinafter the "University") is necessary, desirable and in the best interest of the University.

(C) The Board of Regents, will adopt a resolution prior to the sale of the Series 1992 Bonds the Division of Bond Finance of the State Board of Administration (hereinafter the "Division of Bond Finance") to take the necessary actions required for the issuance of the State of Florida, Board of Regents, Florida Atlantic University Diversified Student Apartment Facility Revenue Bonds, Series 1992.

(D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 1992 Project.

(E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the Bonds on behalf of the Board of Regents to finance the 1992 Project.

(F) The 1992 Project shall be the construction and establishment of a student apartment facility substantially in accordance with the plans and specifications as may be approved by the Board of Regents from time to time.

(G) As required by Article VII, Section 11(e) of the Florida Constitution, the Florida Legislature approved the 1992 Project in Section 5 of Chapter 92-293, Laws of Florida.

(H) The principal of and interest on the 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 Regents or the University in the manner provided by this Resolution, consisting of the Pledged Revenues as hereinafter defined.

(I) The Bonds to be issued pursuant to this Resolution shall not constitute, directly or indirectly, a debt or a charge against the State of Florida or any political subdivision thereof, but shall be revenue bonds within the meaning of Article VII, Section 11(d), Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(J) The Division of Bond Finance pursuant to the statutes and constitutional provisions herein cited, is authorized to issue the Bonds, on behalf of, and in the name of the Board of Regents, subject to the terms, limitations and conditions contained in this Resolution.

(K) Pursuant to Sections 215.59 and 215.64, Florida Statutes, the Division of Bond Finance is authorized to issue revenue bonds on behalf of state agencies payable from funds derived directly from sources other than state tax revenues, without the vote of electors in the manner provided by law.

(L) There are currently outstanding: (i) Florida Atlantic University Dormitory Revenue Certificates of 1964, which have a senior lien on the portion of the Housing System Revenues derived from the project constructed with proceeds of that bond issue; (ii) Florida Atlantic University, Dormitory Revenue Certificates Series 1966A, which have a senior lien on the portion of the Housing System Revenues derived from the project constructed with proceeds of that bond issue, and (iii) Florida Atlantic University, Dormitory Revenue Certificates, Series 1966B on the portion of the Housing System Revenues derived from the project constructed with proceeds of that bond issue. Upon refunding and defeasance of the 1964 Certificates, 1966A Certificates, and 1966B Certificates, the 1992 Bonds will have a senior lien on the revenues derived from the operation of the projects constructed from proceeds of the Outstanding Obligations.

(M) The 1964 Certificates, 1966A Certificates or the 1966B Certificates may be refunded and defeased in the manner provided in this Resolution.

(N)(1) Upon issuance and delivery of the 1992 Bonds, if any of the Outstanding Obligations are refunded, sufficient moneys will be deposited in the Escrow Deposit Trust Fund created in Section 3.02(3)(b) herein established for the refunded Outstanding Obligations to provide for (a) the purchase of securities which as they mature will provide sufficient moneys for the payment of the principal and interest on the refunded Outstanding Obligations, as they become due and payable and (b) the amount of fees and expenses to be incurred in connection with the refunding of the refunded Outstanding Obligations in the manner provided herein.

(2) If any of the Outstanding Obligations are refunded, the Division of Bond Finance and the State Board of Administration will enter into an Escrow Deposit Agreement to be in the form attached hereto, with such insertions, deletions and modifications as shall be approved by bond counsel prior to the issuance and delivery of the Bonds herein authorized, which Escrow Deposit Agreement shall govern and provide for the payment and Retirement of the refunded Outstanding Obligations in accordance with the terms of the proceedings authorizing the issuance of the 1992 Bonds; and that the moneys accumulated in the sinking fund established for the Outstanding Obligations shall be transferred to the Escrow Deposit Trust Fund for the payment and retirement thereof, pursuant to the Escrow Deposit Agreement.

(3) As required by Article VII, Section 11(e) of the Florida Constitution, the Florida Legislature approved the 1992 Project in Section 43 of Chapter 92-326, Laws of Florida.

(4) After issuance and delivery of the 1992 Bonds and the establishment of the Escrow Deposit Trust Fund for the refunded Outstanding Obligations referred to above, the refunded Outstanding Obligations shall thereafter be secured by and payable solely from the moneys to be deposited in escrow for the Retirement of the Outstanding Obligations in the manner provided for in this Resolution.

(O) The proceeds of the 1992 Bonds will be sufficient, together with other available moneys, to pay the cost of the 1992 Project and the refunding of the Outstanding Obligations as provided in this Resolution.

(P) In the event the Division of Bond Finance does not refund the 1964 Certificates, the 1966A Certificates, or the 1966B Certificates, the 1992 Bonds will be issued as junior and subordinate bonds to the lien on the revenues derived from the projects constructed from proceeds of the 1964 Certificates, the 1966A Certificates or the 1966B Certificates respectively.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the 1992 Bonds by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board of Regents, the University and such Bondholders. The covenants and agreements to be performed by the Board of Regents and the University shall be for the equal benefit, protection, and security of the legal holders of any and all of the 1992 Bonds, as defined herein, 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.

SECTION 1.04. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

(A) "Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bonds, an amount equal to the principal amount of such Capital Appreciation Bond at its initial offering plus the accrued interest on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at a rate per annum determined pursuant to a subsequent resolution of the Division (not to exceed the maximum rate permitted by law), compounded periodically, plus, with respect to matters related to the payment upon redemption of the Capital Appreciation Bond, if such date of computation shall not be an Interest Payment Date, the ratable portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of delivery of the Bonds to the original purchasers thereof if the date of computation is prior to the first Interest Payment Date succeeding the date of delivery) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

(B) "Act" shall mean Sections 215.57-215.83, Florida Statutes, and Chapters 240 and 243, Florida Statutes.

(C) "Administrative Expenses" shall mean, with respect to the Bonds or the administration of any funds under this Resolution, to the extent applicable: (i) fees or charges, or both, of the Board of Administration and the Division of Bond Finance; and (ii) such other fees or charges, or both, as may be approved by the Board of Administration or the Division of Bond Finance, including but not limited to those relating to tax law compliance, disclosure of information, paying agents, rating agencies and providers of credit enhancement; all as may be determined from time to time as necessary.

(D) "Amortization Installment" shall mean an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to subsequent resolution adopted by the Division of Bond Finance and the aggregate of such Amortization Installments for each Series shall equal the aggregate principal of the Term Bonds together with redemption premiums, if any, on the Term Bonds.

(E) "Annual Debt Service Requirement" shall mean, at any time, the amount of money required to pay the interest, principal and Amortization Installment in each Fiscal Year.

(F) "Auditor General" shall mean the Auditor General of the State of Florida.

(G) "Board of Administration" shall mean the State Board of Administration, as created pursuant to the provisions of Article XII, Section 9, Florida Constitution and Chapter 215, Florida Statutes.

(H) "Board of Regents" or "Board" shall mean the Board of Regents of the Division of Universities of the State of Florida Department of Education, as created pursuant to the provisions of Chapter 240, Florida Statutes.

(I) "Bond Amortization Account" shall mean the account within the Sinking Fund created pursuant to Section 4.02(B) of this Resolution.

(J) "Bond Insurance Policy" shall mean an insurance policy issued for the benefit of the Holders 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.

(K) "Bond Registrar/Paying Agent" shall mean Citibank, N.A., New York, New York, or its successor.

(L) "Bonds" shall mean the 1992 Bonds and any additional parity bonds issued in accordance with Section 5.01 hereof.

(M) "Building Maintenance and Equipment Reserve Fund" shall mean the fund required to be created pursuant to Section 4.02(C) hereof.

(N) "Capital Appreciation Bonds" shall mean those Bonds issued under this Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and is payable in an amount equal to the then current Accreted Value at the maturity, earlier redemption or other payment date thereof, and which may be either Serial Bonds or Term Bonds, all as determined pursuant to a subsequent resolution of the Division.

(O) "Completion Bonds" shall mean those Bonds issued pursuant to Section 5.04 of this Resolution to pay the cost of completing the 1992 Project.

(P) "Current Expenses" shall mean and include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses of the Board of Regents or the University incident to the operation of the Housing System as expanded by the terms of this Resolution, but shall exclude depreciation, all general administrative expenses of the Board of Regents or the University, the expenses of operation of auxiliary facilities the revenues of which are not pledged as security for the Bonds and the payments into the Housing System Building Maintenance and Equipment Reserve Fund hereinafter provided for.

(Q) "Defeasance Obligations" shall mean, to the extent permitted by law, direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States and including advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable obligations guaranteed by the United States of America, or "stripped" interest payment obligations of debt obligations of the Resolution Funding Corporation.

(R) "Division" or "Division of Bond Finance" shall mean the Division of Bond Finance of the State Board of Administration.

(S) "Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement between the Division of Bond Finance and the Board of Administration, the form of which is attached hereto as an exhibit and is hereby approved, subject to such changes, insertions, omissions and filling of blanks therein as the Director or Secretary of the Division of Bond Finance may deem necessary or desirable.

(T) "Escrow Deposit Trust Fund" shall mean the Outstanding Florida Atlantic University Dormitory Bonds Escrow Deposit Trust Fund established pursuant to Section 3.02(3)(b) of this Resolution.

(U) "Fiscal Year" shall mean the period beginning with and including July 1 of each year and ending with and including the next June 30.

(V) "Governing Board" shall mean the Governor and Cabinet of the State of Florida as the governing board of the Division of Bond Finance.

(W) "Holder of Bonds", "Bondholder", "Registered Owner" or any similar term, shall mean any person who shall be the registered owner of any Bonds.

(X) "Housing System" shall mean 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 Boca Raton, Palm Beach County, Florida on the Boca Raton campus of the University including the following facilities: Alqonquin Hall, Modoc Hall, Mohave Hall, Naskopi Hall, Sekani Hall, Seminole Hall, Timucua Hall;

(2) the 1992 Project; and

(3) such additional facilities as at some future date may be added to the Housing System by formal action of the Board of Regents.

(Y) "Housing System Revenues" shall mean all fees, rentals or other charges and income received by the University from students, faculty members and others using or being served by or having the right to use, or having the right to be served by, the Housing System, and all parts thereof, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, and any special rental fees or charges for services or space provided.

(Z) "Interest Payment Date" shall mean, for each Series of Bonds, such dates of each Fiscal Year on which interest on Outstanding Bonds of such Series is payable, as determined pursuant to a subsequent resolution of the Division.

(AA) "Maximum Annual Debt Service" shall mean, at any time, the maximum amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited in the then current or any succeeding Fiscal Year into the Sinking Fund. For the purpose of calculating the deposits to be made into a sub-account in the Reserve Account, the Maximum Annual Debt Service shall mean, at any time, the maximum amount, if any, required to be deposited in the then current or any succeeding Fiscal Year into the Sinking Fund with respect to the Bonds for which such sub-account has been established. In the calculation of Maximum Annual Debt Service, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year. The amount of Term Bonds maturing in any Fiscal Year shall not be included as part of the Amortization Installment in determining the Maximum Annual Debt Service for that Fiscal Year.

(BB) "1964 Certificates" shall mean the Florida Atlantic University Dormitory Revenue Certificates of 1964.

(CC) "1964 Resolution" shall mean the resolution adopted by the Board of Control of Florida authorizing the issuance of the 1964 Certificates.

(DD) "1966A Certificates" shall mean the Florida Atlantic University Dormitory Revenue Certificates, Series 1966A.

(EE) "1966A Resolution" shall mean the resolution adopted by the Board of Regents authorizing the issuance of the 1966A Certificates.

(FF) "1966B Certificates" shall mean the Florida Atlantic University Dormitory Revenue Certificates, Series 1966B.

(GG) "1966B Resolution" shall mean the resolution adopted by the Board of Regents authorizing the issuance of the 1966B Certificates.

(HH) "1992 Bonds" shall mean the not to exceed $21,000,000 State of Florida, Board of Regents, Florida Atlantic University, Diversified Student Apartment Facility Revenue Bonds, Series 1992.

(II) "1992 Project" shall mean the acquisition, design, construction, sitework, parking and equipment for a student apartment facility to house up to 525 students. The student apartment facility consists of 7 two story low rise residential buildings, 1 two story staff/guest building and 1 service building located on acres of the Florida Atlantic University campus.

(JJ) "1992 Project Construction Fund" shall mean a trust fund in which shall be deposited the net proceeds of the 1992 Bonds and other available moneys for the construction of the 1992 Project.

(KK) "Outstanding" shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore cancelled 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; and

(iv) For purposes of any consent or other action to be taken hereunder by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division or the Board of Regents.

(LL) "Outstanding Obligations" shall mean the 1964 Certificates, the 1966A Certificates, and the 1966B Certificates, outstanding from time to time.

(MM) "Pledged Revenues" shall mean the Housing System Revenues after deducting the Administrative Expenses, and the Current Expenses, the Rebate Amount and amounts required for the unrefunded Outstanding Obligations.

(NN) "Principal Payment Date" shall mean, for each Series of Bonds, such dates of each Fiscal Year on which principal of Outstanding Bonds of such Series is payable, as determined pursuant to a subsequent resolution of the Division.

(OO) "1992 Project Costs" shall mean the actual costs of the 1992 Project, including costs of construction; materials, labor, furnishings, equipment, and apparatus; landscaping, roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 1992 Project; interest on the Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architect and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Regents necessary to the construction and placing in operation of the 1992 Project and the financing thereof.

(PP) "1992 Project" shall mean the following facilities as previously approved by the Board of Regents and the Legislature, and subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Regents, and is more specifically described as follows:

The acquisition, design, construction, sitework, parking and equipment for a student apartment facility to house up to 525 students. The student apartment facility consists of 7 two story low rise residential buildings, 1 two story staff/guest building and 1 service building located on 1.76 acres of the Florida Atlantic University main campus.

(QQ) "Rating Agency" shall mean a nationally recognized bond rating agency.

(RR) "Rebate Amount" shall have the meaning ascribed to that term in Section 6.04 of this Resolution.

(SS) "Rebate Fund" shall mean the Rebate Fund created and established pursuant to Section 6.04 of this Resolution.

(TT) "Rebate Year" shall mean, with respect to the Bonds issued hereunder, (i) the twelve-month period commencing on the anniversary of the "closing date" with respect to the 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 the Bonds shall commence on the "closing date" for such Bonds and the final Rebate Year with respect to the Bonds shall end on the date of final maturity of such 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 shall mean, with respect to the Bonds issued hereunder, the date of issuance and delivery of such Bonds to the original purchaser thereof.

(UU) "Record Date" shall mean with respect to each Series of Bonds, the 15th day of the calendar month next preceding the month of an Interest Payment Date.

(VV) "Reserve Account" shall mean the account within the Sinking Fund created pursuant to Section 4.02(B) of the Resolution and which shall include any subaccounts established for a particular Series of Bonds.

(WW) "Reserve Account Credit Facility" shall mean a Reserve Account Insurance Policy, Reserve Account Letter of Credit or other comparable insurance or financial product, if any, deposited in a debt service reserve subaccount in lieu of or in partial substitution for cash or securities on deposit therein. The provider of such Reserve Account Credit Facility shall be rated in one of the two highest full rating categories of a Rating Agency.

(XX) "Reserve Account Insurance Policy" shall mean the insurance policy, surety bond or other acceptable evidence of insurance, if any, deposited in a debt service reserve subaccount, if any, in lieu of or in partial substitution for cash or securities on deposit therein. The provider of such Reserve Account Insurance Policy shall be an insurer rated in one of the two highest full rating categories of a Rating Agency.

(YY) "Reserve Account Letter of Credit" shall mean the irrevocable, transferable letter of credit, if any, deposited in a debt service reserve subaccount, if any, in lieu of or in partial substitution for cash or securities on deposit therein. The provider of such letter of credit shall be a banking association, bank or trust company or branch thereof whose letter of credit results in the rating of municipal obligations secured by such letter of credit to be rated in one of the two highest full rating categories of a Rating Agency.

(ZZ) "Reserve Requirement" or "Debt Service Reserve Requirement" shall mean with respect to the 1992 Bonds the least of (1) Maximum Annual Debt Service requirement on the 1992 Bonds, (2) 125% average annual debt service, (3) 10% of the par amount of the 1992 Bonds, or (4) an amount up to the maximum debt service reserve permitted with respect to tax-exempt obligations under the U.S. Internal Revenue Code of 1986, as amended, with respect to the Bonds for which the Reserve Requirement is being calculated.

(AAA) "Resolution" shall mean this resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the 1992 Bonds.

(BBB) "Retirement of the Outstanding Obligations" or words of similar impact, shall mean the provision for the payment of the principal of and interest on the refunded Outstanding Obligations as the same become due and payable, and the fees and expenses incurred in the refunding of the refunded Outstanding Obligations. Such phrase shall also mean the defeasance and release of the holders of the refunded Outstanding Obligations of the pledge of and lien on the Housing System Revenues defined herein, upon deposit of a sufficient amount of moneys into escrow for such purposes as provided for herein.

(CCC) "Revenue Fund" shall mean the Florida Atlantic University Housing Revenue Fund created and established pursuant to Section 4.02 of this Resolution.

(DDD) "Serial Bonds" shall mean the Bonds of a Series which shall be stated to mature in periodic installments.

(EEE) "Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance pursuant to this Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof, regardless of variations in maturity, interest rate or other provisions.

(FFF) "Sinking Fund" shall mean the Florida Atlantic University Housing System Sinking Fund created and established pursuant to Section 4.02(B) of this Resolution.

(GGG) "State" shall mean the State of Florida.

(HHH) "Term Bonds" shall mean the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Bond Amortization Account in the Sinking Fund, hereinafter created, as may be provided pursuant to a subsequent resolution of the Division.

(III) "University" shall mean Florida Atlantic University.

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.

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

SECTION 2.01. AUTHORIZATION OF 1992 BONDS. Subject and pursuant to the provisions of this Resolution, fully registered revenue bonds of the Board of Regents of the Division of Universities of the State of Florida Department of Education to be known as "State of Florida, Board of Regents, Florida Atlantic University Diversified Student Apartment Facility Revenue Bonds, Series 1992", are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Regents in an aggregate principal amount not to exceed Twenty-one Million Dollars ($21,000,000), for the purpose of financing the construction and equipping of the 1992 Project and refunding, defeasing and retiring of some or all of the Outstanding Obligations as described herein.

SECTION 2.02. DESCRIPTION OF 1992 BONDS. The 1992 Bonds shall be issued in fully registered form without coupons; shall be dated as determined pursuant to subsequent resolution of the Division of Bond Finance; shall be numbered consecutively from one (1) upward and shall be in the denomination of $5,000 each or any integral multiples thereof; shall bear interest at not exceeding the maximum rate permitted by law, payable on each Interest Payment Date, except for Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof; and shall mature on such dates in such years and amounts as shall be determined pursuant to subsequent resolution adopted by the Division on or prior to the sale of the Bonds.

The 1992 Bonds may be sold at one time or in Series from time to time as the Division may determine by resolution. If issued in Series, each Series shall be dated and have an identifying number or letter. All of such 1992 Bonds, when issued, will rank equally as to source and security for payment.

Interest shall be paid on the Interest Payment Dates to the registered owner whose name appears on the books of the Bond Registrar/Paying Agent (the "Registered Owner") as of 5:00 p.m. (local time, Tallahassee, Florida) on the Record Date next preceding such Interest Payment Date by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) from the Bond Registrar/Paying Agent to the Bondholder, except for Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof.

SECTION 2.03. NO PLEDGE OF FULL FAITH AND CREDIT OF STATE OF FLORIDA. The payment of the principal of and interest on the Bonds is secured only by the Pledged Revenues, as defined herein, generated by the Housing System in the manner set forth herein. The Bonds do not constitute general obligations or indebtedness of the State of Florida or any of its agencies and shall not be a debt of the State or of any agency, and the full faith and credit of the State is not pledged to the principal of or interest on the Bonds.

SECTION 2.04. 1992 BONDS MAY BE ISSUED AS SERIAL BONDS OR TERM BONDS. The 1992 Bonds may be issued as, or as a combination of, Serial Bonds, Term Bonds, Capital Appreciation Bonds or such other type of bonds as shall be determined pursuant to subsequent resolution of the Division of Bond Finance.

SECTION 2.05. PRIOR REDEMPTION OF THE 1992 BONDS. The 1992 Bonds shall be subject to redemption as provided in this Resolution and in the Notice of Bond Sale, provided that the Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to amend the redemption provisions of the 1992 Bonds in such manner as he may determine to be in the best interest of the State.

Unless waived by any Holder of 1992 Bonds to be redeemed, a notice of the redemption prior to maturity of any of the 1992 Bonds shall be mailed by first class mail (postage prepaid) at least thirty (30) days prior to the date of redemption to the Registered Owner of the 1992 Bonds to be redeemed, of record on the books of the Bond Registrar, as of forty-five days prior to the date of redemption. Such notice of redemption shall specify the serial or other distinctive numbers or letters of the 1992 Bonds to be redeemed, if less than all, the date fixed for redemption, and the redemption price thereof and, in the case of 1992 Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure to give any such notice by mailing to any Holder of 1992 Bonds, or any defect therein, shall not affect the validity of the proceedings for the redemption of any 1992 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 1992 Bond receives such notice.

The privilege of transfer or exchange of any of the 1992 Bonds is suspended during a period beginning at the opening of business on the 15th business day next preceding the date fixed for redemption and ending at the close of business on the date fixed for redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the 1992 Bonds or portions of 1992 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such 1992 Bonds or portions of 1992 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 1992 Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the 1992 Bonds or portions of 1992 Bonds so called for redemption shall cease to accrue, such 1992 Bonds and portions of 1992 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 1992 Bonds or portions of 1992 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for the payment thereof and, to the extent provided herein to receive 1992 Bonds for any unredeemed portion of the Bonds. Any and all 1992 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 CUSIP numbers of all 1992 Bonds being redeemed; (ii) the date of issue of the 1992 Bonds as originally issued; (iii) the rate of interest borne by each 1992 Bond being redeemed; (iv) the maturity date of each 1992 Bond being redeemed; (v) the publication date of the official notice of redemption; (vi) the name and address of the Bond Registrar/Paying Agent; and (vii) any other descriptive information needed to identify accurately the 1992 Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the 1992 Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the 1992 Bonds.

(c) Each further notice of redemption shall be published one time in The Bond Buyer of New York, New York or in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the 1992 Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

(d) Upon the payment of the redemption price of 1992 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying the 1992 Bonds redeemed with the proceeds of such check or other transfer.

In case part but not all of an outstanding 1992 Bond shall be selected for redemption, the Registered Owner thereof shall present and surrender such 1992 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 1992 Bond so surrendered, a 1992 Bond or 1992 Bonds fully registered as to principal and interest.

SECTION 2.06. EXECUTION OF 1992 BONDS. The 1992 Bonds shall be executed in the name of the Board of Regents by its Chairman and attested to by its Vice-Chairman, or such other member of the Board of Regents as may be designated pursuant to subsequent resolution of the Governing Board of the Division of Bond Finance, and the corporate seal of the Board of Regents or a facsimile thereof shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the 1992 Bonds, signed by an authorized signator of said Bond Registrar/Paying Agent. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the 1992 Bonds, provided that at least one signature required shall be manually subscribed. In case any one or more of the officers who shall have signed or sealed any of the 1992 Bonds shall cease to be such officer of the Board of Regents before the Bonds so signed and sealed shall have been actually sold and delivered, the 1992 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such 1992 Bonds had not ceased to hold such office. Any 1992 Bond may be signed and sealed on behalf of the Board of Regents by such person as to the actual time of the execution of such 1992 Bond shall hold the proper office, although at the date of such 1992 Bond, such person may not have held such office or may not have been so authorized.

A certificate as to Circuit Court validation, in the form hereinafter provided, shall be executed with the facsimile signature of any present or future Chairman of the Governing Board of the Division of Bond Finance.

A certificate as to the approval of the issuance of the 1992 Bonds pursuant to the provisions of the State Bond Act, in the form provided herein, shall be executed by the facsimile signature of the Comptroller of the State of Florida, as Secretary of the Governing Board of the Division of Bond Finance.

SECTION 2.07. NEGOTIABILITY. The 1992 Bonds shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida. The original holder and each successive holder of any of the 1992 Bonds shall be conclusively deemed by his acceptance thereof to have agreed that the 1992 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

SECTION 2.08. REGISTRATION AND TRANSFER. The 1992 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 Bonds in compliance with its agreement with the State.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 1992 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

1992 Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

All 1992 Bonds presented for transfer, exchange, redemption or payment shall be accompanied (if so required by the Division of Bond Finance or the Bond Registrar/Paying Agent) by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Division of Bond Finance and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or by his duly authorized attorney.

Neither the Division of Bond Finance nor the Bond Registrar/Paying Agent may charge the Bondholder or his transferee for any expenses incurred in making any exchange or transfer of the 1992 Bonds. However, the Division of Bond Finance and the Bond Registrar/Paying Agent may require payment from the 1992 Bondholder 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 1992 Bond shall be delivered.

New 1992 Bonds delivered upon any transfer or exchange shall be valid obligations of the Board of Regents evidencing the same debt as the 1992 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 1992 Bonds surrendered.

The Board of Regents and the Bond Registrar/Paying Agent may treat the Registered Owner of any 1992 Bond as the absolute owner thereof for all purposes, whether or not such 1992 Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 1992 Bond is registered may be deemed the owner thereof by the Board of Regents and the Bond Registrar/Paying Agent, and any notice to the contrary shall not be binding upon the Division or the Bond Registrar/Paying Agent.

Notwithstanding the foregoing provisions of this Section 2.08, the Division of Bond Finance reserves the right, on or prior to the delivery of the Bonds, to amend or modify the foregoing provisions relating to registration of the 1992 Bonds in order to comply with all applicable laws, rules, and regulations of the United States Government and the State of Florida relating thereto.

SECTION 2.09. AUTHENTICATION. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond substantially in the form herein set forth shall have been duly executed by the manual signature of the Bond Registrar/Paying Agent, and such executed certificate of the Bond Registrar/Paying Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar/Paying Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar/Paying Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereinafter.

SECTION 2.10. DISPOSITION OF BONDS PAID OR EXCHANGED. Whenever any 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 Bond shall either be canceled and retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division of Bond Finance or the Board of Administration, or, at the option of the Division of Bond Finance or the Board of Administration, 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 Division of Bond Finance or the Board of Administration.

SECTION 2.11. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Division of Bond Finance may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder furnishing the Division of Bond Finance proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Division of Bond Finance may prescribe and paying such expense as the Division of Bond Finance may incur. All Bonds so surrendered shall be canceled by the Bond Registrar/Paying Agent. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Division of Bond Finance may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bond issued pursuant to this Section shall constitute original, additional, contractual obligations on the part of the Board of Regents, whether or not the lost, stolen or destroyed Bond be at any time found by anyone and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien, source and security for payment, pursuant to this Resolution from the Pledged Revenues.

SECTION 2.12. FORM OF 1992 BONDS. The text of the 1992 Bonds, together with the validation certificate to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

[FORM OF BOND INTENTIONALLY OMITTED]

ARTICLE III
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 1992 PROJECT AND REFUNDING OF OUTSTANDING OBLIGATIONS. The Board of Regents is authorized to acquire and construct the 1992 Project from the proceeds of the sale of the 1992 Bonds and other legally available funds, subject to the provisions of this Resolution and the applicable laws of Florida. The Division of Bond Finance is authorized to refund some or all of the Outstanding Obligations from a portion of the proceeds of the sale of the 1992 Bonds and other legally available funds, subject to the provisions of this Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the 1992 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 1992 Bonds, including a reasonable charge for the Division's services, the Division shall transfer to and deposit the remainder of the Bond proceeds as follows:

(1) An amount which together with other moneys available therefor and on deposit in the Reserve Account is equal to the Debt Service Reserve Requirement, to the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division, as provided in Section 4.02(B), 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 Debt Service Reserve Requirement and the sums then on deposit in the applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited in the Sinking Fund, created by this Resolution, and used for the payment of interest on the 1992 Bonds.

(3)(a) Prior to the delivery of the Bonds, the Division of Bond Finance shall obtain from the Board a certificate or certificates, setting forth (i) the principal amount of the Outstanding Obligations to be refunded; (ii) the amount of interest payable on the Outstanding Obligations to be refunded; and (iii) the amount of fees and expenses estimated by the Board of Administration to be incurred in connection with the Retirement of the Outstanding Obligations.

(b) There shall be transferred to the Board of Administration for deposit into a separate trust fund, which is hereby created, to be known as the Outstanding Florida Atlantic University Dormitory Bonds Escrow Deposit Trust Fund (hereinafter referred to as the "Escrow Deposit Trust Fund"), an amount sufficient to pay the fees and expenses estimated by the Board of Administration to be incurred in connection with the Retirement of the Outstanding Obligations to be refunded, and an amount which together with any other available funds will be sufficient to purchase securities which will provide, when they mature, amounts equal to, but not less than the amounts certified by the Board pursuant to (3)(a) above; less the amounts of any discounts or interest on direct obligations of the United States to be held as investments in the Escrow Deposit Trust Fund which will accrue to and be deposited, to the extent permitted by applicable Federal regulation.

The Escrow Deposit Trust Fund shall be held in trust by the Board of Administration pursuant to an Escrow Deposit Agreement to be entered into between the Division of Bond Finance and the Board of Administration, as Trustee.

(4) After making the transfers provided for in subsections (1), (2) and (3) above, the balance of the proceeds of the Bonds shall be transferred to and deposited into the 1992 Project Construction Fund, which is hereby created in the State Treasury, and used for the purposes of said Fund.

Any unexpended balance remaining in the 1992 Project Construction Fund, after a consulting architect shall certify that the 1992 Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by this Resolution.

In addition to the aforementioned proceeds of the 1992 Bonds, the Board of Regents covenants that it will deposit in the 1992 Project Construction Fund additional funds legally available for such purpose which, together with the proceeds of the 1992 Bonds, will be sufficient to finance the total 1992 Project Costs. Any such additional funds, other than the proceeds of the 1992 Bonds or Completion Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the Bonds issued pursuant to this Resolution.

All moneys in said 1992 Project Construction Fund, or in any other construction fund hereafter created for any project hereafter financed in whole or in part from the proceeds of pari passu additional Bonds as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the holders of Bonds issued pursuant to this Resolution, until such funds are applied as provided herein, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

SECTION 3.03. INVESTMENT OF 1992 PROJECT CONSTRUCTION FUND. Any moneys in the 1992 Construction Fund not immediately needed for the purposes provided in this Resolution, may be temporarily invested and reinvested as provided in Section 18.10, Florida Statutes.

ARTICLE IV
APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES

SECTION 4.01. BONDS SECURED BY PLEDGED REVENUES. (A) The payment of principal of and interest on the Bonds shall be secured forthwith equally and ratably by a valid and enforceable senior lien on the Pledged Revenues as provided for in Section 6.01 of this Resolution and to be received under this Resolution, and such Pledged Revenues, except as may be required for payment of Rebate Amounts, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds, as the same become due.

(B) The Bonds shall not be or constitute an indebtedness of the State, or any political subdivision thereof or any instrumentality thereof, but shall be payable solely from the Pledged Revenues, as provided herein. No Holder or Holders of the Bonds shall ever have the right to compel the exercise of the taxing power of the State, or any political subdivision thereof, to pay such Bonds or the interest thereon, or be entitled to payment of such principal and interest from any other funds except such payments consisting of the Pledged Revenues, in the manner provided herein.

SECTION 4.02. APPLICATION OF HOUSING SYSTEM REVENUES. Upon collection the Pledged Revenues shall be deposited by the University in a separate account in a bank approved by the Board of Regents and the State Treasurer. This separate account shall be known as the "Florida Atlantic University Housing Revenue Fund" (hereinafter referred to as the "Revenue Fund") which is hereby created. Said fund constitutes a trust fund for the purposes provided in this Resolution, and shall be kept separate and distinct from all other funds of the University and the Board of Regents and used only for the purposes and in the manner provided in this Resolution. All revenues on deposit at any time in the Revenue Fund shall be applied only in the following manner and order of priority:

(A) First, for payment of Current Expenses of the Housing System for the current month, and to maintain on deposit a sufficient amount of moneys for payment of the next months's Current Expenses of the Housing System, as determined in the annual budget of the University.

(B) Second, the remaining moneys not needed for the purposes of (A) above, shall be transferred to the Board of Administration to be used as follows:

(i) for payment of the Administrative Expenses;

(ii) for deposit into the Sinking Fund, which is hereby created, until there is accumulated in said Sinking Fund an amount sufficient to pay the next installments of principal and interest to become due during the then current Fiscal Year, including Amortization Installments for any Term Bonds which funds shall be deposited into the Bond Amortization Account which is hereby created;

(iii) for the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, or sub-accounts therein, in the Sinking Fund in an amount equal to the Debt Service Reserve Requirement.

The moneys in the Reserve Account shall be used for the payments provided for in (ii) above when the other moneys in the Sinking Fund are insufficient therefor, any withdrawals from the Reserve Account shall be restored from the first moneys available therefor in the Sinking Fund after the required payments under (ii) above have been made or provided for. Any unused portion of the Reserve Account may be used by the Board of Regents to reduce the final installments of the Annual Debt Service Requirement becoming due. If the funds on deposit in the Reserve Account exceed the Reserve Requirement with respect to the Series of Bonds secured thereby, such excess shall remain in the Sinking Fund to be used for the purposes thereof.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Board of Regents may at any time cause to be deposited into one or more sub-accounts in the Reserve Account, a Reserve Account Credit Facility for the benefit of the Bondholders for which such sub-account has been established, in an amount which, together with sums on deposit, equals the Debt Service 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 pursuant to this Resolution 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 Regents 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 applicable sub-account in 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 payment have been made as provided in paragraph (ii) 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.

The Division shall cause to be established and the Board of Administration shall establish one or more specific sub-accounts in the Reserve Account. Each sub-account may be established for one or more Series of Bonds. Each sub-account shall be available only to cure deficiencies in the accounts in the Sinking Fund with respect to the Series of Bonds for which such sub-account has been established, and no amounts in the other sub-accounts in the Reserve Account shall be available for such purpose. Such separate sub-account shall be established and designated in the resolution authorizing such Series of Bonds. Such resolution may also specify the method of valuation of the amounts held in such separate sub-account.

Any moneys in a sub-account in the Reserve Account in excess of the amount required to be maintained therein shall first be used to cure any deficiency in any other sub-account in the Reserve Account and any remaining monies shall be deposited into the Revenue Fund; and

(iv) for deposit to the Rebate Fund created by Section 6.04(B) of this Resolution, an amount of moneys sufficient to pay the Rebate Amount.

(C) Third, As soon as the required balances have been accumulated in each Fiscal Year in the Sinking Fund, including the Reserve Account, and deficiencies have been restored for prior payments, moneys remaining in the Sinking Fund shall be transferred by the Board of Administration to the University for deposit in the Building Maintenance and Equipment Reserve Fund to be established by the University in a separate account in a bank approved by the Board of Regents and the State Treasurer. Amounts required by this Resolution to be deposited in the Building Maintenance and Equipment Reserve Fund shall be as approved in the annual budget of the University pursuant to Section 8.12 hereof. Such deposits shall continue to be made in each Fiscal Year in amounts necessary to maintain a balance of deposits in such amounts as are required to be deposited by the Board of Regents.

The moneys in said Building Maintenance and Equipment Reserve Fund may be drawn on and used by the Board of Regents or the University for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of the operation and maintenance of said 1992 Project.

In the event the moneys in the Sinking Fund and Reserve Account therein on any Interest Payment Date or Principal Payment Date shall be insufficient to pay the next maturing installment of principal or interest on the Bonds, then moneys in said Building Maintenance and Equipment Reserve Fund may be transferred to the Sinking Fund to the extent necessary to eliminate such deficiencies and to avoid a default or to the Rebate Fund to pay the Rebate Amount.

(D) Fourth, the balance of any money not needed for the payments provided in (A), (B) and (C) above, shall be applied in the sole discretion of the University for:

1. Optional redemption or purchase of Bonds; or

2. Any lawful purpose of the University.

(E) If on any payment date the revenues are insufficient to place the required amounts in any of the funds as above provided, the deficiency shall be made up in subsequent payments in addition to the payments which would otherwise be required to be made into such funds on the subsequent payment dates.

(F) The Revenue Fund and the Sinking Fund shall constitute trust funds for the purposes provided herein for such funds. All of such funds shall be continuously secured in the same manner as deposits of state funds are required to be secured by the laws of the State.

Except insofar as such funds may be needed for any payment required to be made by the terms of this Resolution or the Bonds, moneys in any of the funds authorized or required by this Resolution may be invested and reinvested at any time as provided by Section 18.10, Florida Statutes. When so invested or reinvested, the interest income derived from the investment or reinvestment of such obligations shall be deposited in the Revenue Fund and used for the purposes therein. The proceeds derived from the investment or reinvestment of such obligations shall be held for and credited to the fund for which said obligations were purchased except as otherwise provided in this Resolution; provided, however, that any such obligations purchased as investments for moneys in the Sinking Fund shall mature not later than the dates upon which such moneys will be needed for the payment of maturing principal and interest to be paid from said Sinking Fund.

ARTICLE V
ADDITIONAL PARITY BONDS AND REFUNDING REQUIREMENTS

SECTION 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS. The Division of Bond Finance is authorized to issue additional parity Bonds after the issuance of the 1992 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 additions or improvements to the Housing System.

(B) All previously authorized certificates or 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 Regents shall authorize the issuance of such additional parity Bonds.

(D) The Board of Administration shall approve the fiscal sufficiency of such additional parity Bonds.

(E) Certificates shall be executed by the Board of Regents or other appropriate State official setting forth:

(1) the average amount of Pledged Revenues from the two Fiscal Years immediately preceding the issuance of the proposed additional parity Bonds, and;

(2)(i) the maximum annual debt service on the Outstanding Obligations then outstanding, and (ii) the Maximum Annual Debt Service on the Bonds then Outstanding and the additional parity bonds then proposed to be issued.

(F) The Board of Regents must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution and the Board of Regents must be currently in compliance with the covenants and provisions of this Resolution and any supplemental resolution hereafter adopted for the issuance of additional parity bonds; unless upon the issuance of such additional parity bonds the Board of Regents will be in compliance with all such covenants and provisions.

(G)(1) The average amount of Pledged Revenues for the two immediately preceding Fiscal Years adjusted as hereinafter provided, as certified by the Board of Regents or other appropriate State official pursuant to Section 5.01(E)(1), will be at least equal to one hundred thirty percent (130%) of the Maximum Annual Debt Service on (i) the Outstanding Obligations and the Bonds then Outstanding, and (ii) the additional parity bonds then proposed to be issued;

(2) The Pledged Revenues calculated pursuant to the foregoing subsection (G)(1) may be adjusted, at the option of the Board of Regents as follows:

(a) If the Board of Regents or the University, prior to the issuance of the proposed additional parity bonds, shall have increased the rates, fees, rentals or other charges for the services of the Housing System, the average amount of Pledged Revenues for the two immediately preceding Fiscal Years prior to the issuance of said additional parity bonds shall be adjusted to show the Pledged Revenues which would have been derived from the Housing System as if such increased rates, fees, rentals or other charges for the services of the Housing System had been in effect during all of such two preceding Fiscal Years.

(b) If the Board of Regents or the University shall have acquired or has contracted to acquire any privately or publicly owned existing apartment facility, then the average amount of Pledged Revenues derived from the Housing System during the two immediately preceding Fiscal Years prior to the issuance of said additional parity bonds as certified by the Board of Regents or other appropriate State official, shall be increased by adding to the Pledged Revenues for said two preceding Fiscal Years the net revenues which would have been derived from any existing apartment facility so acquired as if such existing apartment facility had been a part of the Housing System during such two Fiscal Years. For the purposes of this paragraph, the revenues derived from said existing apartment facility during such two preceding Fiscal Years shall be adjusted to determine such net revenues by deducting the cost of operation and maintenance of said existing apartment facility from the gross revenues of said apartment facility in the same manner provided in the Resolution for the determination of Pledged Revenues. The revenues from such facilities may also be adjusted for any increase in rates as though they had been in effect during all of such two preceding Fiscal Years.

(c) Should the Board of Regents or the University be constructing or acquiring additions, extensions or improvements to the Housing System from the proceeds of such additional parity bonds or from sources other than additional parity bonds and if the Board of Regents or the University shall have established rates, fees, rentals or other charges to be charged and collected from users of such facilities when service is rendered, the average amount of Pledged Revenues for the two immediately preceding Fiscal Years prior to the issuance of such additional parity bonds, as certified by the Board of Regents, shall be adjusted to show the Pledged Revenues estimated by the Board of Regents to be received from the users of the facilities to be financed, during the first twelve (12) months of operation after completion of the construction or acquisition of said additions, extensions and improvements as if such rates, fees, rentals or other charges for such services had been in effect during all of such two Fiscal Years.

SECTION 5.02. REFUNDING BONDS. All of the Bonds originally issued pursuant to this Resolution then Outstanding, together with all additional parity bonds theretofore issued and then Outstanding, may be refunded as a whole or in part. This section shall not be construed as a limitation on the Division's authority to issue refunding obligations that are junior to the Bonds or refunding Bonds for the purpose of refunding junior obligations. If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is equal to or less than the Annual Debt Service Requirement of the refunded Bonds, then the provisions of Section 5.01(G) of this Resolution shall not apply to the issuance of the refunding Bonds.

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division of Bond Finance covenants that it will not issue any other obligations, except additional parity Bonds provided for in Section 5.01 hereof, refunding Bonds provided for in Section 5.02 hereof, or Completion Bonds provided for in Section 5.04 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 issued pursuant to this Resolution, upon the Pledged Revenues securing the Bonds provided for in this Resolution. Any such other obligations hereafter issued by the Board of Regents, in addition to the Bonds authorized by this Resolution and such additional parity bonds and parity refunding bonds or Completion Bonds provided for in Sections 5.01, 5.02, or 5.04 hereof, shall contain an express statement that such obligations are junior and subordinate to the Bonds issued pursuant to this Resolution, and any additional parity bonds thereafter issued, as to lien on and source and security for payment from such Pledged Revenues.

SECTION 5.04. COMPLETION BONDS. The Board of Regents and the Division need not comply with Section 5.01 of this Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 1992 Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 1992 Project at the time of the original issuance of the 1992 Bonds.

ARTICLE VI
COVENANTS

SECTION 6.01. PLEDGE OF PLEDGED REVENUES. The Board of Regents hereby covenants and agrees with the Holders of 1992 Bonds that, so long as any of the Bonds, or interest thereon, are Outstanding and unpaid, all of the Pledged Revenues provided for in this Resolution shall be pledged to the payment of the principal of and interest on the Bonds and the payment of Rebate Amounts, if any, in the manner provided in this Resolution and the Holders of the Bonds shall have a valid and enforceable senior lien on such Pledged Revenues in the manner provided herein.

SECTION 6.02. PLEDGED REVENUE COVENANTS. The Board of Regents covenants:

(A) That it will punctually pay the Pledged Revenues provided for in Section 6.01 of this Resolution in the manner and at the times provided in this Resolution and that it will duly and punctually perform and carry out all the covenants of the Board of Regents made herein and the duties imposed upon the Board of Regents by this Resolution.

(B) That in preparing, approving and adopting any budget controlling or providing for the expenditures of its funds for each budget period it will allocate, allot and approve from its Housing System Revenues and other available funds the amounts sufficient to pay the Pledged Revenues due under this Resolution.

(C) That it will from time to time recommend, fix and include in its budgets such revisions in the amounts of rentals and other fees to be levied upon and collected from each person housed in or using the Housing System which will produce sums sufficient to pay the amounts required by this Resolution.

(D) That it will continue to collect the rentals charged all regularly enrolled students and other tenants in the Housing System.

SECTION 6.03. FEES, RENTALS OR OTHER CHARGES. (A) The Board of Regents covenants that it will fix, establish and collect such fees, rentals or other charges from students, faculty members and others using or being served by, or having the right to use, or having the right to be served by the Housing System, and revise the same from time to time whenever necessary, so that the Housing System Revenues, after the payment of all amounts required for the unrefunded Outstanding Obligations, shall be sufficient in each Fiscal Year to pay at least one hundred percent (100%) of an amount equal to the Current Expenses and Administrative Expenses, and so that the Pledged Revenues shall be sufficient in each Fiscal Year to pay at least one hundred percent (100%) of an amount equal to the Annual Debt Service Requirement for the Bonds and at least one hundred percent (100%) of all other payments required by the terms of this Resolution.

(B) The Board of Regents will increase such fees, rentals or other charges as shall be necessary to comply with the provisions of subsection (A), provided that such increase will not result in a reduction of the number of students living in the Housing System, or a reduction of Housing System Revenues for the then current or any future Fiscal Year.

(C) Whenever in any year the amounts of Housing System Revenues stated in the annual budget, as provided hereafter, for the ensuing Fiscal Year shall be insufficient to comply with the requirements of the above paragraph for such Fiscal Year, then it shall be the duty of the Board of Regents to increase such fees, rentals or other charges for the ensuing Fiscal Year in an amount sufficient to comply with the provisions of the above paragraph for such ensuing Fiscal Year, and any deficiencies in prior years.

SECTION 6.04. COMPLIANCE WITH TAX REQUIREMENTS: REBATE FUND. (A) In addition to any other requirement contained in this Resolution, the Division, the Board of Regents, and the Board of Administration hereby covenant and agree, for the benefit of the Holders from time to time of the 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 of the Board of Regents dated and delivered on the date of original issuance and delivery of each series of Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division of Bond Finance and Board of Regents covenant and agree:

(i) to pay or cause to be paid to the United States of America from the Housing System Revenues and 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 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 and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(iii) to refrain from using proceeds from the Bonds in a manner that might cause the Bonds or any 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 Bonds, or any of them to become arbitrage bonds under Section 148 of the Code.

The Board of Regents, the Division and the Board of Administration 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 Division of Bond Finance and Board of Regents covenant and agree that they shall maintain and retain or cause to be maintained and retained all records pertaining to and they shall be responsible for making and having made all determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder for each Rebate Year within thirty (30) days after the end of such Rebate Year and within thirty (30) days after the final maturity of each such Series of Bonds. On or before the expiration of each such thirty (30) day period, the Board of Regents shall deposit or direct the Board of Administration to deposit into the Rebate Fund which is hereby created and established in the Board of Administration, from investment earnings or moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Board, an amount equal to the Rebate Amount for such Rebate Year. The Board of Administration shall use such moneys deposited in the Rebate Fund 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 Board of Regents, which payments shall be made in installments, commencing not more than thirty (30) 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 thirty (30) 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 and the Board of Regents 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 Rebate Fund are insufficient for the purpose of paying the Rebate Amount and other funds of the Board of Regents are not available to pay the Rebate Amount, then the Board of Administration shall pay the Rebate Amount first from Pledged Revenues and, to the extent the Pledged Revenues be insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder.

If at any time the Division of Bond Finance or the Board of Regents determines that the amount of money on deposit in the Rebate Fund is in excess of the Rebate Amount, the Division of Bond Finance or the Board of Regents may direct the Board of Administration to transfer the amount of money in excess of the Rebate Amount to the University, for deposit in the Revenue Fund.

If any amount shall remain in the Rebate Fund 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 Regents and may be used for other purposes authorized by law.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Board of Regents and shall be subject to a lien in favor of the Bondholders, but only to secure payment of the Rebate Amount, and the moneys in the Rebate Fund shall be available for use only as herein provided.

The Division, the Board of Administration, and the Board of Regents shall not be required to continue to comply with the requirements of this Section in the event that the Division of Bond Finance and the Board of Administration receive 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 Bonds or (ii) compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate, or in the event that any other agency is subsequently designated by proper authority to comply with the requirements of this Section.

SECTION 6.05. ANNUAL FINANCIAL STATEMENT. (A) Annually, within ninety days after the end of the Fiscal Year, the University will prepare a financial statement of the Housing System for the preceding Fiscal Year, reflecting in reasonable detail the financial condition and record of operation of the Housing System, and other Pledged Revenue sources, including particularly the University's enrollment, the occupancy or degree of use and rates charged for the use of, and the insurance on, the Housing System and the status of the several accounts and funds established in this Resolution.

(B) Should the University fail to comply with subsection (A) of this Section, upon request of at least 5% of the Bondholders an audit shall be completed by a certified public accountant or firm of certified public accountants. The cost of this audit shall be borne by the University.

ARTICLE VII
REMEDIES

SECTION 7.01. ENFORCEABILITY BY BONDHOLDERS. (A) This Resolution, including the pledge of the Pledged Revenues, shall be deemed to have been made for the benefit of the holders from time to time of the Bonds, as defined herein, and that such pledge and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any holder or holders of such Bonds, against either the Board of Regents or the Board of Administration or any other agency of the State, or instrumentality thereof having any duties concerning collection, administration and disposition of the Pledged Revenues. The Board of Regents does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Holder or Holders of the 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 it may now or hereafter have as an agency of the State. However, no covenant or agreement contained in this Resolution or any Bond issued pursuant hereto shall be deemed to be the covenant or agreement of any officer or employee of the State, in his or her or individual capacity and neither the officers nor employees of the State nor any official executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(B) Any Holders of the Bonds, or any trustee acting for the Holders of such 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, 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 Regents, the University, 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 Holder of the Bonds any lien on the Housing System or any other facility or funds of the University, or the Board of Regents, or the Division of Bond Finance.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division of Bond Finance or the Board of Administration, except for the benefit of the Bondholders; provided, however, the Board of Regents 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 Regents, to the extent that any such lease would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 8.02. MODIFICATION OR AMENDMENT. Except as otherwise provided in the second and third paragraph hereof, 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 Holders 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 Holders 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 promise to pay the interest of and principal on the Bonds, as the same mature or become due, or reduce the percentage of Holders of Bonds required above for such modification or amendments, without the consent of the Holders of all the Bonds.

For purposes of this Section, to the extent any Series of Bonds is insured by a Bond Insurance Policy and such Series of Bonds is then rated in as high a rating category as the rating category in which such Series of Bonds was rated at the time of initial issuance and delivery thereof by a Rating Agency, then the consent of the issuer of the Bond Insurance Policy shall constitute the consent of the Holders of such Series.

The Resolution may be amended, changed, modified and altered without the consent of the Holders of Bonds, (i) to cure any defect, omission, conflict, or ambiguity in this Resolution or between the terms and provisions hereof and any other document executed or delivered herewith, (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 including, but not limited to, Capital Appreciation Bonds, and any other Bonds which may be issued hereunder, which will not adversely affect the interest of such Holder of Bonds, (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond/tax counsel, such issuance will not affect the exemption from federal income taxation 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 or the Board of Regents in this Resolution, other covenants and agreements to be observed by the Division or the Board of Regents which are not contrary to or inconsistent with this Resolution as theretofore in effect, (vi) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Division or the Board of Regents which are not contrary to or inconsistent with this Resolution as theretofore in effect, (vii) to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualifications 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 and the Board of Regents to comply with their covenants, agreements and obligations under Section 6.04 hereof, (ix) to specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Resolution and which shall not adversely affect the interests of the Bondholders, and (x) to amend or modify any provisions of this Resolution so long as such amendment or modification does not adversely affect the interests of the Bondholders.

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 and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder.

SECTION 8.04. BONDS NOT STATE OBLIGATION. Notwithstanding any of the other provisions of this Resolution, the Bonds are not an obligation, directly or indirectly, of the State and no holder of the Bonds shall have the right to compel or require any appropriation by the Legislature of the State for payment of the Pledged Revenues due under this Resolution, or for the payment of the principal of or interest on the Bonds, or the making of any other payments provided for in this Resolution from State tax revenues.

The 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 BONDS: FUNDS HELD FOR BONDS AFTER DUE DATE OF BONDS. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Board of Administration for the benefit of the owner or Holder thereof, all liability of the Board of Regents to the owner or Holder thereof for the payment of such bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Board of Administration to hold such funds, without liability for interest thereon, for the benefit of the owner or Holder of such Bonds, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. Any such funds held by the Board of Administration for the Holders of such Bonds for seven years after the principal or Accreted Value of the respective Bonds for which such funds have been so set aside has become due and payable and remaining (whether at maturity or upon redemption or otherwise) shall be subject to the laws of the State of Florida relating to disposition of unclaimed property, and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished.

SECTION 8.06. 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 Bonds in any one or more of the following ways:

(A) By paying the principal of and interest on 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 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 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 Defeasance 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 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, 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 Regents or Division with respect to said Bonds shall cease, terminate and be completely discharged and extinguished, and the Holders 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 Bonds shall include the discharge and satisfaction of any Series of Bonds, any portion of any Series of Bonds, any maturity or maturities of any Series of Bonds, any portion of a maturity of any Series of 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 Bonds is not required for such purpose, the Board of Regents or the Board of Administration may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

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

SECTION 8.07. INSURANCE. The Board of Regents will carry such insurance on the Housing System as is required by the State or is ordinarily and customarily carried on similar systems as the Housing System with a reputable insurance carrier or carriers, including public liability insurance and such other insurance against loss or damage by fire, explosion, hurricane, cyclone or other hazards and risks, or the Board of Regents may establish certain minimum levels of insurance for which the Board of Regents may self-insure.

SECTION 8.08. BOND ANTICIPATION NOTES. Notwithstanding any other provision of this Resolution, if the Division shall deem it advisable, short-term obligations (hereinafter "Notes") are hereby authorized to be issued by the Division on behalf of the Board of Regents in anticipation of the sale and delivery of 1992 Bonds. The Notes shall be payable from the proceeds received from the sale of the 1992 Bonds and, in the interim, from the Pledged Revenues. The Notes may be issued in such denomination or denominations, in the aggregate principal amount (not to exceed $21,000,000), in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five (5) years from the date of issue) and may be subject to such conditions and terms as the Division shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Division adopted at or before sale of the Notes, in accordance with Section 215.68(7), Florida Statutes.

SECTION 8.09. CAPITAL APPRECIATION BONDS. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the amount of the Maximum Annual Debt Service and of Bonds held by the Registered Owner of a Capital Appreciation Bond in giving any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 8.10. TRUST FUNDS. (A) The funds and accounts established by this Resolution and all moneys on deposit therein shall constitute trust funds for their respective purposes as provided herein. The Sinking Fund shall be held and administered by the Board of Administration, and such funds shall be fully and continuously secured in the manner provided by the laws of the State for the securing of deposits of State funds. The Bondholders shall have a lien on moneys in the Sinking Fund, except the moneys in the Rebate Fund, until such moneys are used or applied as provided herein.

(B) The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

SECTION 8.11. FISCAL AGENT. Upon sale and delivery of the 1992 Bonds by the Division of Bond Finance on behalf of the Board of Regents, the Board of Administration shall act as the fiscal agent for the Board of Regents with respect to the 1992 Bonds.

SECTION 8.12. ANNUAL BUDGETS. The Board of Regents shall annually, at least ninety days preceding the beginning of each Fiscal Year, or at any other time as requested by the Board of Administration, prepare a detailed budget providing reasonable estimates of the estimated Current Expenses of the University during the succeeding Fiscal Year and setting forth the amount to be deposited in the Building Maintenance and Equipment Reserve Fund. The budget shall be adopted by the Board of Regents and shall not be changed during the Fiscal Year except by the same procedure by which it was adopted. Copies of the annual budget and any changes therein shall be filed with the Board of Administration and, upon request, mailed to any Bondholder. The Board of Regents shall request sufficient funds in the annual budget adopted as required in this Section to provide the payment of all Administrative Expenses, Current Expenses, and amounts required to be deposited in the Building Maintenance and Equipment Reserve Fund as set forth herein.

SECTION 8.13. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the 1992 Bonds, pursuant to Chapter 75, Florida Statutes.

SECTION 8.14. 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, but only to the extent of any such inconsistencies.

SECTION 8.15. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED on July 21, 1992.

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A RESOLUTION (THE SECOND SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $24,045,000 STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM, FLORIDA ATLANTIC UNIVERSITY HOUSING REVENUE BONDS, SERIES 2003; CANCELING THE AUTHORITY FOR UNISSUED PREVIOUSLY AUTHORIZED BONDS; AMENDING THE ORIGINAL RESOLUTION, 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 AND FINDINGS

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 Series 1993 Bonds, the Series 2000 Bonds and the Series 2003 Bonds (as such terms are hereinafter defined).

"2003 Project" means the construction of a student housing complex and support facilities on the Boca Raton campus of the Florida Atlantic University, as approved by the Board and the Legislature, subject to any deletions, modifications or substitutions deemed necessary and expedient and approved by resolutions of the Board.

"2003 Project Construction Fund" means a trust fund held in the State Treasury in which shall be deposited the net proceeds of the Series 2003 Bonds and other available moneys for the construction of the 2003 Project.

"Board" means the State Board of Education and the Board of Governors, or, if and when so designated by law, that agency of the State authorized to issue bonds on behalf of the University.

"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 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 of Bond Finance 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.

"Completion Bonds" means those Bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2000 Project.

"Housing System" means the facilities enumerated in the Original Resolution, plus the 2003 Project.

"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 Series 1993 Bonds.

"**Parity Bonds**" means the Series 1993 Bonds, the Series 2000 Bonds, the Series 2003 Bonds and subsequent series of Bonds issued on a parity therewith.

"Project Costs" means the actual costs of the 2003 Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 2003 Project; interest on the 2003 Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board necessary to the construction and placing in operation of the 2003 Project and the financing thereof.

"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.

"Second Supplemental Resolution" means this resolution authorizing the issuance of the Series 2003 Bonds.

"**Series 1993 Bonds**" means the $17,180,000 State of Florida, Florida Atlantic University Diversified Student Apartment Facility Revenue Bonds, Series 1993.

"Series 2000 Bonds" means the $24,400,000 State of Florida, Board of Regents, Florida Atlantic University Housing Revenue Bonds, Series 2000.

"Series 2003 Bonds" means the not exceeding $24,045,000 State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003 authorized by this Second Supplemental Resolution.

"State Board of Education" means the Florida State Board of Education, a body corporate, established pursuant to Article IX, Section 2, Florida Constitution, and includes any other entity succeeding to the powers thereof.

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 Second Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 1010.60-1010.619, Florida Statutes, the State Bond Act, and other applicable provisions of law, and pursuant to Section 5.01 of the Original Resolution, and is supplemental to said Original Resolution.

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

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

(B) The construction of the 2003 Project at the University is necessary, desirable and in the best interest of the University.

(C) The State Board of Education has adopted a resolution on March 18, 2003, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003.

(D) The Board of Governors is expected to adopt a resolution on April 30, 2003, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003.

(E) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 2003 Project.

(F) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the Series 2003 Bonds to finance the 2003 Project.

(G) The 2003 Project shall be the construction of a student housing complex and support facilities substantially in accordance with the plans and specifications as may be approved by the Board from time to time.

(H) As required by Article VII, Section 11(f) of the Florida Constitution, the Florida Legislature approved the 2003 Project in Section 11, Item 24, of Chapter 2002-394, Laws of Florida (the 2002-2003 Appropriations Act).

(I) The principal of and interest on the Series 2003 Bonds to be issued pursuant to this Second Supplemental 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 or the University in the manner provided by this Second Supplemental Resolution, consisting of the Pledged Revenues.

(J) The Series 2003 Bonds to be issued pursuant to this Second Supplemental Resolution will be secured on a parity as to the lien on the Pledged Revenues with the Series 1993 Bonds and the Series 2000 Bonds.

(K) The Series 2003 Bonds to be issued pursuant to this Second Supplemental Resolution shall not constitute, directly or indirectly, a debt or a charge against the State of Florida or any political subdivision thereof, but shall be revenue bonds within the meaning of Article VII, Section 11(d), Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(L) The Division of Bond Finance pursuant to the statutes and constitutional provisions herein cited, is authorized to issue the Series 2003 Bonds, subject to the terms, limitations and conditions contained in this Second Supplemental Resolution.

(M) Pursuant to Sections 215.59 and 215.64, Florida Statutes, the Division of Bond Finance is authorized to issue revenue bonds on behalf of state agencies payable from funds derived directly from sources other than state tax revenues, without the vote of electors in the manner provided by law.

(N) The Original Resolution, in Section 5.01 of Article V thereof, provides for the issuance of Parity Bonds under the terms, restrictions and conditions provided therein.

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2003 Bonds by those who shall hold the same from time to time, this Second Supplemental Resolution and the Original Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board, the University and such Registered Owners. The covenants and agreements to be performed by the Board and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Series 1993 Bonds, the Series 2000 Bonds and the Series 2003 Bonds, as defined herein, 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 AND FORM OF BONDS

SECTION 2.01. AUTHORIZATION OF SERIES 2003 BONDS. Subject and pursuant to the provisions of this Second Supplemental Resolution and the Original Resolution, fully registered revenue bonds of the Board to be known as "State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003" are hereby authorized to be issued by the Division of Bond Finance in an aggregate principal amount not exceeding $24,045,000, for the purpose of financing the construction, furnishing and equipping of the 2003 Project as described herein.

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. The terms, execution, registration, transfer and issuance of the Series 2003 Bonds shall be governed by the provisions of Article II of the Original Resolution. The form of the Series 2003 Bonds shall be governed by Section 2.03 of this Second Supplemental Resolution.

SECTION 2.03. FORM OF SERIES 2003 BONDS. The text of the Series 2003 Bonds, together with the certificate of authentication to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Second Supplemental Resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules, and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

[FORM OF BOND INTENTIONALLY OMITTED]

ARTICLE III
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2003 PROJECT. The Board is authorized to construct the 2003 Project from the proceeds of the sale of the Series 2003 Bonds and other legally available funds, subject to the provisions of this Second Supplemental Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF SERIES 2003 BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the Series 2003 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the Series 2003 Bonds, including a reasonable charge for the Division of Bond Finance's services, the Division of Bond Finance shall transfer and deposit the remainder of the Series 2003 Bond proceeds as follows:

(1) An amount which together with other moneys available therefor and on deposit in the Reserve Account is equal to the Debt Service Reserve Requirement, shall be transferred to the Board of Administration and deposited into the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division of Bond Finance, as provided in Section 4.02(B) 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 Debt Service Reserve Requirement and the sums then on deposit in the applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited into the Sinking Fund, created by the Original Resolution, and used for the payment of interest on the Series 2003 Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the Series 2003 Bonds shall be transferred to and deposited into the 2003 Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 2003 Project Construction Fund, after a consulting architect shall certify that the 2003 Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by the Original Resolution.

In addition to the aforementioned proceeds of the Series 2003 Bonds, the Board covenants that it will deposit into the 2003 Project Construction Fund additional funds legally available for the purposes of such Fund which, together with the proceeds of the Series 2003 Bonds, will be sufficient to finance the total 2003 Project Costs. Any such additional funds, other than the proceeds of the Series 2003 Bonds or Completion Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the Series 2003 Bonds issued pursuant to this Second Supplemental Resolution.

All moneys in said 2003 Project Construction Fund shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of Series 2003 Bonds issued pursuant to this Second Supplemental Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

SECTION 3.03. INVESTMENT OF 2003 PROJECT CONSTRUCTION FUND. Any moneys in the 2003 Construction Fund not immediately needed for the purposes provided in this Second Supplemental Resolution, may be temporarily invested and reinvested as provided in Section 18.10, Florida Statutes.

SECTION 3.04. REIMBURSEMENT OF CONSTRUCTION COSTS. Expenditures for the construction and equipping of the student housing complex and support facilities which are incurred by the University from the date hereof may be reimbursed from the proceeds of the Series 2003 Bonds. The expenditures will be reimbursed from the 2003 Project Construction Fund.

ARTICLE IV
SECURITY FOR THE SERIES 2003 BONDS; COMPLETION BONDS

SECTION 4.01. SERIES 2003 BONDS ON A PARITY WITH THE SERIES 1993 AND SERIES 2000 BONDS. The Series 2003 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Series 1993 and Series 2000 Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The Series 2003 Bonds shall be deemed to have been issued pursuant to the Original Resolution as fully and to the same extent as the Series 1993 and Series 2000 Bonds and all of the covenants and agreements contained in the Original Resolution shall be deemed to have been made for the benefit of the holders of the Series 2003 Bonds as fully and to the same extent as the holders of the Series 1993 and Series 2000 Bonds.

All of the covenants, agreements, and provisions of the Original Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Second Supplemental Resolution to the same extent as if incorporated verbatim in this Second Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution by any of the holders of the Series 2003 Bonds.

SECTION 4.03. COMPLETION BONDS. The Board and the Division of Bond Finance need not comply with Section 5.01 of the Original Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 2003 Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 2003 Project at the time of the original issuance of the Series 2003 Bonds.

ARTICLE V
MISCELLANEOUS; AMENDMENT OF ORIGINAL RESOLUTION

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Second Supplemental Resolution shall not be assignable by the Division of Bond Finance or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the Board, to the extent that any such lease would not adversely affect the exclusion of interest on the 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 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, 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 Second 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 Second Supplemental Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Second Supplemental Resolution or of the Series 2003 Bonds issued hereunder.

SECTION 5.05. FISCAL AGENT. Upon the sale and delivery of the Series 2003 Bonds by the Division of Bond Finance, the Board of Administration shall act as the fiscal agent for the Board with respect to the Series 2003 Bonds.

SECTION 5.06. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the Series 2003 Bonds pursuant to Chapter 75, Florida Statutes.

SECTION 5.07. AMENDMENT OF ORIGINAL RESOLUTION. The Original Resolution is amended as follows. Language to be added to the Original Resolution is indicated by <u>underlining</u>, and language to be deleted from the Original Resolution is indicated by ~~strike-throughs~~.

(A) Section 1.01 of the Original Resolution is hereby amended as follows:

> **SECTION 1.01. DEFINITIONS.** The following terms shall have the following meanings in this Resolution unless the text otherwise requires:
>
> . . .
>
> **"Outstanding"** shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:
>
> . . . .
>
> <u>(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).</u>

(B) Section 6.02 of the Original Resolution is hereby amended as follows:

SECTION 6.02. PLEDGED REVENUE COVENANTS. The Board ~~of Regents~~ covenants:

. . .

(C) That it will from time to time recommend, fix and include in its budgets such revisions to ~~in~~ the ~~amounts of~~ rentals, fees, and other charges ~~to be levied upon and collected from each person housed in or using the Housing System~~ which will produce Housing System Revenues ~~sums~~ sufficient to pay, when due, the amounts required ~~by~~ under this Resolution.

(D) That it will continue to collect the ~~rentals charged all regularly enrolled students and other tenants in the~~ Housing System Revenues at the rates which are in effect at any particular time.

(C) Section 7.01 of the Original Resolution is amended by adding Subsection (C) thereto, as follows:

(C) For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy for Bonds issued after March 25, 2003, shall be deemed the sole Holder 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 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.

(D) Section 8.06 of the Original Resolution is amended by adding Subsection (G) thereto as follows:

SECTION 8.06 DEFEASANCE.

. . .

(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 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 Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

SECTION 5.08. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Second Supplemental Resolution, to the extent that they are inconsistent with this Second Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies. The authority for the issuance and delivery of the unissued portion of the State of Florida, Board of Regents, Florida Atlantic University Housing Revenue Bonds, Series 2000, is hereby canceled.

SECTION 5.09. 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 5.10. EFFECTIVE DATE. This Second Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on March 25, 2003.

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APPENDIX D

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

A RESOLUTION
(THE SIXTH SUPPLEMENTAL RESOLUTION)
AUTHORIZING THE ISSUANCE OF
NOT EXCEEDING $55,300,000
STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA ATLANTIC UNIVERSITY DORMITORY REVENUE BONDS
SERIES 2008A

April 15, 2008

A RESOLUTION (THE SIXTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $55,300,000 STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM, FLORIDA ATLANTIC UNIVERSITY DORMITORY REVENUE BONDS, SERIES 2008A; CANCELING THE AUTHORITY FOR UNISSUED PREVIOUSLY AUTHORIZED BONDS; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION WITH SAID ISSUANCE; AMENDING THE ORIGINAL RESOLUTION; 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 AND FINDINGS

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 Series 2000 Bonds, the Series 2003 Bonds, the Series 2006A Bonds, the Series 2006B Bonds, and the Series 2008A Bonds (as such terms are hereinafter defined).

"2008A Project" means the construction of a student housing facility on the Boca Raton campus of the Florida Atlantic University, as approved by the Board of Governors, subject to any deletions, modifications or substitutions deemed necessary and expedient and approved by resolution of the Board of Governors.

"2008A Project Construction Fund" means a trust fund held in the State Treasury in which shall be deposited the net proceeds of the Series 2008A Bonds and other available moneys for the construction of the 2008A Project.

"Assistant Secretary" means an Assistant Secretary of the Division of Bond Finance.

"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 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 of Bond Finance 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.

"Completion Bonds" means those Bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2008A Project.

"Director" means the Director of the Division of Bond Finance and shall include any Assistant Secretary to whom the Director delegates authority.

"Housing System" means Algonquin Hall, Indian River Towers, Heritage Park Towers, Glades Park Towers, University Village Apartments, and the 2008A Project.

"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 Series 1993 Bonds, as amended by the Second Supplemental Resolution.

“**Parity Bonds**” means the Series 2000 Bonds, the Series 2003 Bonds, the 2006A Bonds, the 2006B Bonds, the Series 2008A Bonds and subsequent series of Bonds issued on a parity therewith in accordance with Section 5.01 of the Original Resolution.

“Project Costs” means the actual costs of the 2008A Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 2008A Project; interest on the 2008A Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Governors necessary to the construction and placing in operation of the 2008A Project and the financing thereof.

“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.

“Second Supplemental Resolution” means the resolution adopted on March 25, 2003 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 2003 Bonds and amending the Original Resolution.

“**Series 1993 Bonds**” means the $17,180,000 State of Florida, Florida Atlantic University Diversified Student Apartment Facility Revenue Bonds, Series 1993.

“Series 2000 Bonds” means the $24,400,000 State of Florida, Board of Regents, Florida Atlantic University Housing Revenue Bonds, Series 2000.

“Series 2003 Bonds” means the $35,285,000 State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003.

“Series 2006A Bonds” means the $27,640,000 State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A.

“Series 2006B Bonds” means the $21,775,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B.

“Series 2008A Bonds” means the not exceeding $55,300,000 State of Florida, Florida Education System, Florida Atlantic University Dormitory Revenue Bonds, Series 2008A authorized by this Sixth Supplemental Resolution.

“Sixth Supplemental Resolution” means this resolution authorizing the issuance of the Series 2008A Bonds.

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 Sixth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Sections 11 (d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes (the “State Bond Act”); Section 1010.62, Florida Statutes; other applicable provisions of law; the Original Resolution; and any other applicable laws, and constitutes a resolution authorizing bonds pursuant to the State Bond Act.

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, and to finance such improvements; and the Board of Governors is further authorized to pay the principal of and interest on obligations issued on its behalf to finance the construction and acquisition of such improvements.

(B) The construction of the 2008A Project at the University is necessary, desirable and in the best interest of the University.

(C) The Board of Governors has adopted a resolution on March 27, 2008, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Bonds, Series 2008A.

(D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 2008A Project.

(E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue, on behalf of the Board of Governors, the Series 2008A Bonds to finance the 2008A Project.

(F) The 2008A Project shall be the construction of a student housing facility substantially in accordance with the plans and specifications as may be approved by the Board of Governors from time to time.

(G) As required by Article VII, Section 11(f) of the Florida Constitution, the Florida Legislature has approved the 2008A Project pursuant to Section 1010.62(7), Florida Statutes.

(H) The principal of and interest on the Series 2008A Bonds, and all of the reserve, sinking fund and other payments provided for herein, will be payable solely from the Pledged Revenues accruing to and to be received by the Board of Governors or the University in the manner provided by the Original Resolution and this Sixth Supplemental Resolution.

(I) The Series 2008A Bonds will be secured on a parity as to the lien on the Pledged Revenues with the Series 2000 Bonds, the Series 2003 Bonds, the 2006A Bonds, the Series 2006B Bonds, and any additional parity bonds, when and if issued.

(J) The Series 2008A Bonds shall not constitute, directly or indirectly, a debt or a charge against the State of Florida or any political subdivision thereof, but shall be revenue bonds within the meaning of Article VII, Section 11(d), Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(K) 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 the Series 2008A Bonds, subject to the terms, limitations and conditions contained in this Sixth Supplemental Resolution.

(L) Pursuant to Sections 215.59 and 215.64, Florida Statutes, the Division of Bond Finance is authorized to issue revenue bonds on behalf of state agencies payable from funds derived directly from sources other than state tax revenues, without the vote of electors in the manner provided by law.

(M) The Original Resolution, in Section 5.01 of Article V thereof, provides for the issuance of Parity Bonds under the terms, restrictions and conditions provided therein.

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2008A Bonds by the Registered Owners, this Sixth Supplemental Resolution and the Original Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, 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 Series 2000 Bonds, the Series 2003 Bonds, the Series 2006A Bonds, the Series 2006B Bonds, and the Series 2008A Bonds, as defined herein, 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 in the Original Resolution and this Sixth Supplemental Resolution.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, TRANSFER, ISSUANCE AND FORM OF BONDS

SECTION 2.01. AUTHORIZATION OF SERIES 2008A BONDS. Subject and pursuant to the provisions of this Sixth Supplemental Resolution and the Original Resolution, fully registered revenue bonds of the Board of Governors to be known as "State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Bonds, Series 2008A" (or such other designation as may be determined by the Director), are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Governors in an aggregate principal amount not exceeding $55,300,000, for the purpose of financing the construction, furnishing and equipping of the 2008A Project as described herein.

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. The terms, description, negotiability, redemption, registration, transfer, authentication, disposition, replacement, and issuance of the Series 2008A Bonds shall be governed by the provisions of Article II of the Original Resolution, adjusted to the extent necessary to apply to the Series 2008A Bonds, except as otherwise provided in this Sixth Supplemental Resolution. The form of the Series 2008A Bonds shall be governed by this Sixth Supplemental Resolution. The text of the Series 2008A Bonds may contain such provisions, specifications and descriptive words not inconsistent with the provisions of this Sixth Supplemental Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, or to comply with applicable laws, rules and regulations of the United States and the State, all as may be determined by the Director prior to the delivery thereof.

SECTION 2.03. EXECUTION OF THE SERIES 2008A BONDS. The Series 2008A 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, and the corporate seal of the Board of Governors or a facsimile thereof shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the Series 2008A Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Series 2008A Bonds, provided that at least one signature required shall be manually subscribed. In case any one or more of the officers who shall have signed or sealed any of the Series 2008A Bonds shall cease to be such officer of the Board of Governors before the Series 2008A Bonds so signed and sealed shall have been actually sold and delivered, the Series 2008A Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2008A Bonds had not ceased to hold such office. Any Series 2008A Bond may be signed and sealed on behalf of the Board of Governors by such person as to the actual time of the execution of such Series 2008A Bond shall hold the proper office, although at the date of such Series 2008A 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 Series 2008A Bonds pursuant to the provisions of the State Bond Act, shall be executed by the facsimile signature of the Secretary or an Assistant Secretary of the Governing Board.

SECTION 2.04. FORM OF SERIES 2008A BONDS.

(A) Notwithstanding anything to the contrary in the Original Resolution or this Sixth Supplemental Resolution, or any other resolution relating to the Series 2008A Bonds (for the purposes of this section, collectively, the "Resolution"), the Series 2008A 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 Series 2008A 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 Series 2008A Bonds are issued in book-entry only form:

(1) The Series 2008A Bonds shall be issued in the name of the Securities Depository as Registered Owner of the Series 2008A Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Series 2008A 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 Series 2008A Bonds. Beneficial ownership interests in the Series 2008A 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 Series 2008A 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 Series 2008A Bonds. Transfers of ownership interests in the Series 2008A 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 Series 2008A Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Series 2008A 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 Series 2008A Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 2008A 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 Series 2008A 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 Series 2008A 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 Series 2008A 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 Series 2008A 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 Series 2008A Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Series 2008A Bonds shall, while the Series 2008A 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 Series 2008A Bonds in the form of fully registered bonds to each Beneficial Owner.

ARTICLE III
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2008A PROJECT. The Board of Governors is authorized to construct the 2008A Project from the proceeds of the sale of the Series 2008A Bonds and other legally available funds, subject to the provisions of this Sixth Supplemental Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF SERIES 2008A BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the Series 2008A Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the Series 2008A Bonds, including a reasonable charge for the Division of Bond Finance's services, the Division of Bond Finance shall transfer and deposit the remainder of the Series 2008A Bond proceeds as follows:

(1) An amount which together with other moneys available therefor and on deposit in the Reserve Account is equal to the Debt Service Reserve Requirement, shall be transferred to the Board of Administration and deposited into the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division of Bond Finance, as provided in Section 4.02(B) 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 Debt Service Reserve Requirement and the sums then on deposit in the applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited into the Sinking Fund, created by the Original Resolution, and used for the payment of interest on the Series 2008A Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the Series 2008A Bonds shall be transferred to and deposited into the 2008A Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 2008A Project Construction Fund, after a consulting architect shall certify that the 2008A Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by the Original Resolution.

All moneys in said 2008A Project Construction Fund shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of Series 2008A Bonds issued pursuant to this Sixth Supplemental Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

SECTION 3.03. INVESTMENT OF 2008A PROJECT CONSTRUCTION FUND. Any moneys in the 2008A Construction Fund not immediately needed for the purposes provided in this Sixth Supplemental Resolution, may be temporarily invested and reinvested as provided in Section 17.57, Florida Statutes.

SECTION 3.04. REIMBURSEMENT OF CONSTRUCTION COSTS. Expenditures for the construction and equipping of the student housing facility which are incurred by the University from the date hereof may be reimbursed from the proceeds of the Series 2008A Bonds. The expenditures will be reimbursed from the 2008A Project Construction Fund.

ARTICLE IV
SECURITY FOR THE SERIES 2008A BONDS; COMPLETION BONDS

SECTION 4.01. SERIES 2008A BONDS ON A PARITY WITH THE SERIES 2000, SERIES 2003, SERIES 2006A, AND SERIES 2006B BONDS. The Series 2008A Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Series 2000, Series 2003, Series 2006A, and Series 2006B Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The Series 2008A Bonds shall be deemed to have been issued pursuant to the Original Resolution as fully and to the same extent as the Series 2000, Series 2003, Series 2006A, and Series 2006B Bonds and all of the covenants and agreements contained in the Original Resolution shall be deemed to have been made for the benefit of the Registered Owners of the Series 2008A Bonds as fully and to the same extent as the Registered Owners of the Series 2000, Series 2003, Series 2006A, and Series 2006B Bonds.

All of the covenants, agreements, and provisions of the Original Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Sixth Supplemental Resolution to the same extent as if incorporated verbatim in this Sixth Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution by any of the Registered Owners of the Series 2008A Bonds.

SECTION 4.03. COMPLETION BONDS. The Board of Governors and the Division of Bond Finance need not comply with Section 5.01 of the Original Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 2008A Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 2008A Project at the time of the original issuance of the Series 2008A Bonds.

ARTICLE V
MISCELLANEOUS AND AMENDMENT OF ORIGINAL RESOLUTION

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Sixth Supplemental Resolution shall not be assignable by the Division of Bond Finance 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 exclusion of interest on the 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 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 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 Sixth 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 Sixth Supplemental Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Sixth Supplemental Resolution or of the Series 2008A Bonds issued hereunder.

SECTION 5.05. FISCAL AGENT. Upon the sale and delivery of the Series 2008A 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 with respect to the Series 2008A Bonds.

SECTION 5.06. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the Series 2008A Bonds pursuant to Chapter 75, Florida Statutes, if validation is deemed to be necessary or desirable by the Division.

SECTION 5.07. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Sixth Supplemental Resolution, to the extent that they are inconsistent with this Sixth Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies. The authority for the issuance and delivery of the unissued portion of any previously authorized State of Florida, Florida Atlantic University Housing or Dormitory Revenue Bonds is hereby canceled.

SECTION 5.08. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Original Resolution or this Sixth Supplemental 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 5.09. CONFIRMATION OF ORIGINAL RESOLUTION. As amended and supplemented by this Sixth Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Sixth Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

SECTION 5.10. AMENDMENT OF ORIGINAL RESOLUTION. The Original Resolution is amended as follows. Language to be added to the Original Resolution is indicated by underlining, and language to be deleted from the Original Resolution is indicated by ~~strike-throughs~~.

(A) Section 1.04 of the Original Resolution is hereby amended as follows:

> SECTION 1.01. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:
>
> . . .
>
> (H) "Board of Governors ~~Regents~~" or "Board" shall mean ~~the Board of Regents of the Division of Universities of the State of Florida Department of Education, as created pursuant to the provisions of Chapter 240, Florida Statutes~~ the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof.

(B) The Original Resolution is further amended to replace all occurrences of the term "Board of Regents" with the term "Board of Governors".

SECTION 5.11. EFFECTIVE DATE. This Sixth Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on April 15, 2008.

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APPENDIX E

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

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

September 20, 2016

A RESOLUTION (THE SEVENTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA ATLANTIC 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 UNISSUED PREVIOUSLY AUTHORIZED BONDS; AMENDING THE ORIGINAL RESOLUTION; 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 of Bond Finance.

"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 of Bond Finance 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 of Bond Finance and shall include any Assistant Secretary to whom the Director delegates authority.

"Housing System" means Algonquin Hall, Indian River Towers, Heritage Park Towers, Glades Park Towers, and University Village Apartments, and such other facilities as may be subsequently added to the Housing System.

"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 Series 1993 Bonds, as amended by the Second Supplemental Resolution and the Sixth Supplemental Resolution.

"**Outstanding Bonds**" means the Outstanding Series 2003 Bonds, the Outstanding Series 2006A Bonds, and the Outstanding Series 2006B 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 Outstanding Bonds.

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

"Second Supplemental Resolution" means the resolution adopted on March 25, 2003 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 2003 Bonds and amending the Original Resolution.

"Series 2003 Bonds" means the $35,285,000 State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003.

"Series 2006A Bonds" means the $27,640,000 State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A.

"Series 2006B Bonds" means the $21,775,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B.

"Seventh Supplemental Resolution" means this resolution authorizing the issuance and competitive sale of the Refunding Bonds and amending the Original Resolution.

"Sixth Supplemental Resolution" means the resolution adopted on April 15, 2008, by the Governor and Cabinet as the Governing Board of the Division of Bond Finance, amending the Original 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 Seventh Supplemental Resolution is adopted pursuant to the provisions of Article VII, Sections 11 (d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes (the "State Bond Act"); Section 1010.62, Florida Statutes; other applicable provisions of law; the Original Resolution; and any other applicable laws, 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, this Seventh Supplemental Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, 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 in the Original Resolution, as amended and supplemented through the date of this Seventh Supplemental Resolution.

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 Seventh Supplemental Resolution, fully registered revenue bonds of the Board to be known as "State of Florida, Board of Governors, Florida Atlantic 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 sold at competitive sale by the Division in an aggregate principal amount not exceeding $62,000,000 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 bonds of the University secured by the same revenues. 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 Seventh Supplemental 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 Seventh 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 Seventh Supplemental Resolution shall be funded in an amount determined by the Director, which shall not exceed the 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 or combined with any other Bonds authorized by the Division to be sold.

(O) The Director is hereby authorized to offer for sale a lesser principal amount of Refunding Bonds than that set forth in this Seventh 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 Seventh Supplemental 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. The terms, description, negotiability, redemption, registration, transfer, authentication, disposition, replacement, and issuance 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, except as otherwise provided in this Seventh Supplemental Resolution.

SECTION 2.04. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Original Resolution or this Seventh 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 payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The Refunding Bonds shall be deemed to have been issued pursuant to the Original Resolution, as supplemented and amended by the Seventh 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 Seventh Supplemental Resolution to the same extent as if incorporated verbatim in this Seventh 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 AND AMENDMENT OF ORIGINAL RESOLUTION

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Seventh Supplemental Resolution shall not be assignable by the Division of Bond Finance 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 exclusion of interest on the 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 hereby 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 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 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 Seventh 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 Seventh Supplemental Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Seventh 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 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 with respect to the Refunding Bonds.

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Seventh Supplemental Resolution, to the extent that they are inconsistent with this Seventh Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies. The authority for the issuance and delivery of the unissued portion of any previously authorized State of Florida, Florida Atlantic University Housing or Dormitory Revenue Bonds is hereby canceled.

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Original Resolution or this Seventh Supplemental 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 Seventh Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Seventh Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

SECTION 5.09. AMENDMENT OF ORIGINAL RESOLUTION. The Original Resolution is amended as follows. Language to be added to the Original Resolution is indicated by <u>underlining</u>, and language to be deleted from the Original Resolution is indicated by ~~strike-throughs~~.

Section 1.04 of the Original Resolution is hereby amended as follows:

SECTION 1.04. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

"Housing System" ~~shall~~ mean<u>s</u> ~~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 Boca Raton, Palm Beach County, Florida on the Boca Raton campus of the University including the following facilities:~~ Algonquin Hall, ~~Modoc Hall, Mojave Hall, Naskapi Hall, Sekani Hall, Seminole Hall, Timucua Hall;~~

~~(2) the 1992 Project; and~~

~~(3) such additional facilities as at some future date may be added to the Housing System by formal action of the Board of Regents.~~

<u>Indian River Towers, Heritage Park Towers, Glades Park Towers, and University Village Apartments, and such other facilities as may be subsequently added to the Housing System.</u>

SECTION 5.10. EFFECTIVE DATE. This Seventh Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on September 20, 2016.

FLORIDA ATLANTIC UNIVERSITY[1]
Boca Raton, Florida

Introduction and Brief History

Founded in 1961, Florida Atlantic University is a comprehensive public university that currently serves more than 30,000 undergraduate and graduate students at sites strategically located along the state's southeastern coastline. Long known as an outstanding teaching institution, FAU is undergoing rapid development as a center of cutting-edge research, particularly in the STEM/Life Science area. This process has been accelerated by the University's partnerships with three internationally known biomedical research organizations, The Scripps Research Institute, the Torrey Pines Institute for Molecular Studies and the Max Planck Florida Institute for Neuroscience. Additionally, FAU's Charles E. Schmidt College of Medicine recently welcomed its third class of students.

Through a well-developed network of partner campuses, FAU serves students at locations and sites throughout its six-county service region in southeast Florida as well as through distance learning. FAU's student body, which ranks as the most ethnically and culturally diverse in Florida's State University System, includes men and women of both traditional and non-traditional age. Modern student housing is available on the Boca Raton and Jupiter campuses, and all campuses offer attractive and varied dining facilities. The University community is served by an excellent library system that has more than 3.6 million items, including books, periodicals, government documents, microforms, maps, media and other materials as well as a wealth of electronic resources, including more than 374,000 full-text electronic books and 18,000 full-text electronic journals, plus access to several hundred proprietary databases.

A member of Conference USA, FAU has nineteen men's and women's intercollegiate teams, including an NCAA Division I football team that has won two bowl games. The Boca Raton campus is home to a 30,000-seat football stadium constructed in 2011.

FAU's eleven academically distinguished colleges are the Dorothy F. Schmidt College of Arts and Letters, the College of Business, the College for Design and Social Inquiry, the College of Education, the College of Engineering and Computer Science, the Graduate College, the Harriet L. Wilkes Honors College, the Charles E. Schmidt College of Medicine, the Christine E. Lynn College of Nursing, the Charles E. Schmidt College of Science and the Undergraduate College.

The University currently offers more than 180 undergraduate and graduate degree programs and is accredited by the Southern Association of Colleges and Schools. Additionally, the University holds membership in the National Association of State Universities and Land-Grant Colleges and the Council of Graduate Schools.

FAU has fully funded Eminent Scholar Chairs in disciplines that include the arts and humanities, brain science, community education, engineering, growth management, Holocaust and Judaic studies, international business, marine biology, nursing, philosophy and social science.

FAU is committed to serving the educational needs of persons of retirement age through non-credit courses offered by the Lifelong Learning Society, which is believed to be the largest and most successful organization of its kind in the United States. For more information on Florida Atlantic University, visit www.fau.edu.

Governance

Effective January 7, 2003, a statewide Board of Governors (BOG) was created pursuant to Article IX, Section 7(d), of the Florida Constitution to operate, regulate, control and be fully responsible for the management of the State University System. The Board of Governors defines the mission of each university and ensures the well-planned coordination and operation of the State University System. The Governor appoints fourteen members to the Board of Governors for staggered terms of seven years. The appointed members are subject to confirmation by the Senate. The Commissioner of Education, the chair of the Advisory Council of Faculty Senates and the president of the Florida Student Association also serve as members.

Each university is directly governed by a Board of Trustees ("the Trustees"), consisting of thirteen members. The Boards of Trustees were created pursuant to Article IX, Section 7(c), of the Florida Constitution. The Governor appoints

[1] Source: Information in Appendix F provided by Florida Atlantic University.

six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the university are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the university which provide governance in accordance with the rules of the State Board of Education and the Board of Governors. The university President serves as the executive officer and corporate secretary of the Trustees and is responsible for all operations of the university. Other senior administrative officers of the universities are designated by the President. Generally, the Provost/Vice President for Academic Affairs assumes responsibility for the president during any absence and is the chief academic officer in the university organization. Other vice presidents have responsibility for specific areas within the organization. The deans of colleges and schools are responsible to the Provost for all matters relating to programs and personnel in their respective academic units.

In January 2014, the Florida Atlantic University Board of Trustees unanimously selected Dr. John Kelly to serve as the University's seventh president. Dr. Kelly holds a bachelor's degree from Clemson and both a master's degree and a Ph.D. from The Ohio State University. He began his academic career in 1982 as an Assistant Professor at Texas A&M University. Three years later, he went to Clemson, rising through the ranks to become professor and department head by 1991. He was named Vice President for Public Service and Agriculture in 1997 and Vice President for Economic Development in 2010.

With the establishment of individual University Boards of Trustees in 2003, the universities are no longer state agencies, but rather are autonomous state-supported public corporations with greater fiscal autonomy and financial control for instance.

Budget. Each university has control over its own budget, once State funds have been received. The Florida Legislature retains control of the appropriations process.

Tuition. The universities have been granted certain powers with regard to setting of tuition and the right to retain their own tuition revenues instead of sending them to the State for redistribution. Still, tuition-setting power for in-state students remains largely in the hands of the Legislature, with lawmakers determining the maximum allowable rates of tuition increase and universities setting the tuition within those limits. The ability for the University to set and collect a number of student service fees provides a meaningful offset to limitations regarding tuition.

Bonding Authority. Bond-issuing authority is retained by the State of Florida Division of Bond Finance. The University can also borrow through affiliated Direct Support Organizations (DSO) outside the Division of Bond Finance. The Board of Governors is authorized to request the issuance of revenue bonds to finance or refinance capital outlay projects permitted by law.

Buildings and Other Facilities

Florida Atlantic University consists of six campuses situated in the counties of Palm Beach, Broward and St. Lucie; the total building area at all campuses is approximately 6,800,000 gross square feet. FAU's main campus in Boca Raton is comprised of 746 acres and consists of 138 buildings, totaling approximately 5,330,000 gross square feet. Capital improvement projects are underway on the Boca Raton and Jupiter campuses.

Capital Improvement Plan

Planned improvements on the Boca Raton Campus over the next two to three years include the construction of the Schmidt Family Complex for Academic & Athletic Excellence and the expansion & renovation of the Student Union Building. Funded through private donations, the Schmidt Complex consists of design and construction of a 96,000 square foot facility that will house classrooms, tutoring space and support facilities for FAU's Athletic Program. The Student Union project will add a 1,000 seat banquet hall facility and renovate the lobby of the existing Student Union building. This project is funded primarily through the Capital Improvement Trust Fund.

Improvements are also underway on FAU's Jupiter campus. In Fiscal Year 2016-17 FAU received Public Education Capital Outlay (PECO) funds for the planning phase of the STEM/Life Sciences building. When complete, this facility will provide an additional 68,000 gross square feet of research and teaching space at FAU's John D. MacArthur Campus in Jupiter.

Ongoing improvements to the overall campus infrastructure, such as the replacement of cooling towers, and existing facilities on all FAU Campuses remain the University's number one priority. These projects are primarily funded through PECO dollars, university funds, and Energy Savings Contracts (ESCO), as applicable and available.

The following tables show the University's capital improvement projects currently in the planning and/or construction stage. Projects listed as currently under construction will be funded from PECO funds appropriated by the Legislature, auxiliary operations, contracts and grants, and Capital Improvement Trust Fund monies. Projects listed in the five-year capital improvement plan include only those funded with PECO funds.

Five-Year Capital Improvement Plan and Legislative Budget Request*
(in order of priority)

Project	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Renewal Enhancements/Infrastructure	11,430,000	8,167,000	8,412,000	8,412,000	8,412,000
Jupiter Stem/Life Sciences Building	27,743,000	3,202,000	-	-	-
Medical Building Phase I	3,350,000	35,007,000	3,973,000	-	-
Boca Library Renovation	3,920,000	16,000,000	20,480,000	-	-
College of Science and Eng. Building Renovation	15,200,000	-	-	-	-
Culture & Society Building - Phase II	-	2,452,000	28,813,000	3,873,000	-
Social Science Building Renovation	-	2,718,000	18,682,000	3,840,000	-
Central/Satellite Utility Plant	-	661,000	6,050,000	416,000	-
Arts & Letters Building Renovation & Addition	-	-	-	-	6,700,000
Realignment of Indian River Blvd.	-	-	-	-	5,356,000

* Only those projects funded from Public Education Capital Outlay funds are included in the five-year plan.

Budgetary Process

The University's operating budget is comprised of the following budget entities: Educational and General, Auxiliary Enterprises, Intercollegiate Athletics, Concessions, Contracts and Grants, Student Activities and Student Financial Aid. The annual operating budget undergoes extensive review by the University President and the University Board of Trustees, and all budgetary allocations are tied directly to the University's Strategic Plan which was adopted in the 2014-15 academic year.

Educational and General. The University receives an allocation of educational and general resources from the Florida Legislature, which is developed in accordance with the General Appropriations Act. The University President approves the general guidelines for the allocation of educational and general resources at the University level. Within the President's guidelines and the guidelines provided by the Board of Trustees, an allocation is made to each vice president for the functional areas under his/her direction. In coordination with the Vice President for Financial Affairs and Chief Financial Officer, the University Budget Office makes the distribution by account/department.

Auxiliary Enterprises, Intercollegiate Athletics, and Concessions. The Vice President for Financial Affair and Chief Financial Officer, in coordination with the University Budget Office, prepares operating budget requests for these budgets based on anticipated revenues. The University Budget Office then coordinates the justifications of annual budget requests as required and finalizes the budgets based on Board of Governors guidelines.

Contracts and Grants. This budget consists of estimated expenditures supported by various private businesses as well as federal, state and local units of government. The category also includes FAU AD Henderson School and limited support from the FAU and HBOI Foundations.

Student Activities. This budget consists of planned expenditures to be funded from activity and service fees which the University is authorized by the Rules of the Board to charge its students. The budget is developed and approved in accordance with Section 1009.24 (10) (a) (b), Florida Statutes.

Student Financial Aid. This budget consists of estimated expenditures of revenues received for loans, grants, scholarships and other student financial aid.

The University Board of Trustees approves the annual budget. Approved budgets are released for expenditures to the University. Annually, all of the colleges/campuses of the University submit budget requests for resources to the University Budget Office. Any new State resources are allocated to the University according to the priorities set by the Legislature, Board of Governors, and the President, as are any University-wide reductions.

A comparison of the operating budgets of the University is included below for the fiscal years indicated.

University Operating Expenditure Budget

	2012-13	2013-14	2014-15	2015-16	2016-17
Education and General	$ 238,728,591	$ 273,528,872	$ 280,809,499	$ 299,810,290	$ 322,709,744
Student Financial Aid	193,986,305	203,035,641	202,133,102	196,558,935	197,953,827
Contracts and Grants	64,748,439	67,714,890	55,498,239	59,098,850	60,514,705
Auxiliary Enterprises	107,309,457	123,564,043	125,346,933	139,559,277	142,153,266
Athletics	22,969,903	25,655,949	27,409,563	26,346,429	27,105,031
Student Government	9,940,647	10,706,149	11,217,531	9,876,445	9,497,901
Concessions	480,250	480,250	510,000	625,000	625,000
Total	$ 638,163,592	$ 704,685,794	$ 702,924,867	$ 731,875,226	$ 760,559,474

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Sources of Revenue

Historical Summary of Revenue Sources. The following table sets forth the percentage of the University's total revenues represented by each revenue source for the periods indicated.

Historical Summary of Current Fund Sources
As of June 30

	2012	2013	2014	2015	2016 [1]
State Appropriations	31.28%	27.60%	33.57%	32.56%	32.15%
Tuition and Fees	24.70%	30.78%	28.59%	29.51%	28.63%
Federal and State Financial Aid	13.43%	14.06%	12.48%	11.43%	10.19%
Federal Contracts and Grants	5.97%	5.86%	5.14%	4.02%	4.75%
Nongovernmental Contracts and Grants	1.34%	1.50%	1.44%	1.86%	2.11%
State Contracts and Grants	1.57%	1.84%	1.84%	2.43%	2.55%
Auxiliary Enterprises	10.47%	11.56%	9.93%	11.35%	10.87%
Sales & Services of Educational Activities	0.08%	0.10%	0.10%	0.09%	0.15%
Other Sources	11.16%	6.70%	6.91%	6.76%	8.59%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Fiscal Year 2016 information is unaudited.

History of General Revenue Appropriations. The following table sets forth the history of General Revenue appropriations available to the University and the University's Medical School for Fiscal Year 2012-13 through Fiscal Year 2016-17. General Revenue appropriations are primarily funded from Florida's sales tax.

History of General Appropriations

Fiscal Year	General Revenue Appropriations [1]
2012-13	118,186,052
2013-14	151,024,933
2014-15	156,225,334
2015-16	174,967,875
2016-17	189,252,260

[1] Includes General Revenue Appropriations for Educational & General and the University's Medical School.

The Fiscal Year 2012-13 General Appropriations Act, Chapter 2012-118, Laws of Florida (the "2012-13 GAA"), incorporated reductions in appropriations to the State University System institutions totaling approximately $300 million. The allocation of the total reduction varied by institution, with legislative expectations that the reduced appropriations would be nonrecurring and that the universities would offset a portion of the cuts with available unrestricted reserves and the authorization to raise tuition up to 15% for in-state undergraduate students. The 2012-13 GAA appropriated $118 million in general revenue to Florida Atlantic University, reflecting a net reduction of $26.6 million in general revenue appropriations from Fiscal Year 2011-12. The Board of Governors approved a tuition differential increase for University of Florida for the 2012-13 academic year, which offset a portion of the appropriation reduction.

The Fiscal Year 2013-14 General Appropriations Act, Chapter 2013-040, Laws of Florida, appropriated $151 million in general revenue to Florida Atlantic University, reflecting a net increase of approximately $32.8 million in general revenue appropriations from Fiscal Year 2012-13. The increase included $24.7 million restorations of reduction from prior year.

The Fiscal Year 2014-15 General Appropriations Act, Chapter 2014-51, Laws of Florida, and Fiscal Year 2015-16 General Appropriations Act, Chapter 2015-232, Laws of Florida, included increases in general revenue appropriations of $5.2 million and $18.7 million, respectively. The University received recurring appropriations of $6.9 million and additional one-time performance funding of $11.3 million in 2015-16.

History of Other Revenue Sources. The following table sets forth the history of budgeted University revenues other than State general revenue appropriations, by budget entity, for Fiscal Year 2011-12 through Fiscal Year 2015-16.

History of Revenues

Fiscal Year	Education & General[2]	Contracts & Grants	Auxiliary Enterprises[3]	Other[4]	Total
2011-12	$261,208,211	$41,177,258	$111,183,515	$50,208,164	$463,777,148
2012-13	249,086,434	39,073,895	109,196,197	27,228,659	424,585,185
2013-14	299,911,290	39,859,664	106,571,999	27,110,578	473,453,531
2014-15	309,538,430	40,737,150	112,156,283	28,030,200	490,462,063
2015-16[1]	340,965,718	50,698,401	114,279,308	32,734,147	538,677,574

[1] Fiscal Year 2015-16 information is unaudited.
[2] Includes tuition and funds received from the State's Education Enhancement Trust Fund from sales of lottery tickets.
[3] Includes Student Activities, Concessions, Student Financial Aid, Athletics, Technology Fee, Traffic and Parking Services, and other anciliary auxiliary services
[4] Includes Interest on loans receivable, Investment Income, Realized and Unrealized Gain/Loss on Investments and Capital Grants, Contracts, Donations and Fees and other non operating revenues.

Tuition and Fees. The following table lists the registration, tuition and local fees charged to each undergraduate student per credit hour for the periods indicated.

	2012-13	2013-14	2014-15	2015-16	2016-17
Registration and Tuition Fees (per credit hour)					
In-State Students:					
Matriculation Fee	$103.32	$105.07	$105.07	$105.07	$105.07
Tuition Differential	40.13	40.13	40.13	40.13	40.13
Student Financial Aid Fee	5.16	5.16	5.16	5.16	5.16
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
Total	$155.37	$157.12	$157.12	$157.12	$157.12
Out-of-State Students *(in addition to the above fees):*					
Tuition	$493.86	$493.86	$493.86	$493.86	$493.86
Supplemental Student Financial Aid Fee	24.69	24.69	24.69	24.69	24.69
Total	$518.55	$518.55	$518.55	$518.55	$518.55
Local Fees[1] (per credit hour)					
Activity & Service Fee	$12.32	$12.32	$12.32	$12.32	$ 12.32
Athletic Fee	17.27	17.27	17.27	17.27	17.27
Health Fee	9.42	9.42	9.42	9.42	9.42
Technology Fee	5.16	5.16	5.16	5.16	5.16
Total	$44.17	$44.17	$44.17	$44.17	$44.17
Total Fees (per credit hour)					
In-State Students	$199.54	$201.29	$201.29	$201.29	$201.29
Out-of-State Students	$718.09	$719.84	$719.84	$719.84	$719.84
Per Student Flat Fees[1] (per semester)					
Transportation Access Fee	$76.90	$76.90	$76.90	$76.90	$76.90

[1] Local fees and flat fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees.

The following table lists the registration, tuition and local fees charged to each graduate student per academic year for the periods indicated.

	2012-13	2013-14	2014-15	2015-16	2016-17
Registration and Tuition Fees (per credit hour)					
In-State Students:					
Matriculation Fee	$303.71	$303.71	$303.71	$303.71	$303.71
Tuition Differential	-	-	-	-	-
Student Financial Aid Fee	15.18	15.18	15.18	15.18	15.18
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
Total	$325.65	$325.65	$325.65	$325.65	$325.65
Out-of-State Students *(in addition to the above fees):*					
Tuition	$623.80	$623.80	$623.80	$623.80	$623.80
Supplemental Student Financial Aid Fee	31.19	31.19	31.19	31.19	31.19
Total	$654.99	$654.99	$654.99	$654.99	$654.99
Local Fees[1] (per credit hour)					
Activity & Service Fee	$12.32	$12.32	$12.32	$12.32	$12.32
Athletic Fee	17.27	17.27	17.27	17.27	17.27
Health Fee	9.42	9.42	9.42	9.42	9.42
Technology Fee	5.16	5.16	5.16	5.16	5.16
Total	$44.17	$44.17	$44.17	$44.17	$44.17
Total Fees (per credit hour)					
In-State Students	$369.82	$369.82	$369.82	$369.82	$369.82
Out-of-State Students	$1,024.81	$1,024.81	$1,024.81	$1,024.81	$1,024.81
Per Student Flat Fees[1] (per semester)					
Transportation Access Fee	$ 76.90	$76.90	$76.90	$76.90	$76.90

[1] Local fees and flat fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees.

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The following table lists the registration, tuition and local fees charged to each medical school student per academic year for the periods indicated.

Registration, Tuition and Local Fees - Medical School Students

	2012-13	2013-14	2014-15	2015-16	2016-17
Registration and Tuition Fees (per academic year)					
In-State Students:					
Matriculation Fee	$25,725.00	$26,497.00	$27,292.00	$28,111.00	$28,111.00
Student Financial Aid Fee	607.20	794.91	1,091.68	1,405.55	1,405.55
Capital Improvement Trust Fund Fee	270.40	270.40	270.40	270.40	270.40
Total	$26,602.60	$27,562.31	$28,654.08	$29,786.95	$29,786.95
Out-of-State Students *(in addition to the above fees):*					
Tuition	$31,500.00	$32,445.00	$33,418.00	$34,421.00	$34,421.00
Supplemental Student Financial Aid Fee	1,247.60	973.35	1,336.72	1,721.05	1,721.05
Total	$32,747.60	$33,418.35	$34,754.72	$36,142.05	$36,142.05
Local Fees[1] (per academic year)					
Activity & Service Fee	$492.80	$492.80	$492.80	$492.80	$492.80
Athletic Fee	690.80	690.80	690.80	690.80	690.80
Health Fee	376.80	376.80	376.80	376.80	376.80
Technology Fee	206.40	206.40	206.40	206.40	206.40
Transportation Access Fee	185.84	185.84	185.84	185.84	185.84
Total	$1,952.64	$1,952.64	$1,952.64	$1,952.64	$1,952.64
Total Fees (per academic year)					
In-State Students	$28,555.24	$29,514.95	$30,606.72	$31,739.59	$31,739.59
Out-of-State Students	$61,302.84	$62,933.30	$65,361.44	$67,881.64	$67,881.64

[1] Local fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees.

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History of Financial Aid Awards. The following table sets forth the history of financial aid awards for the years indicated.

Financial Aid Awarded by Source of Funds

	2011-12	2012-13	2013-14	2014-15	2015-16
Federal					
Grants	$44,874,237	$42,671,870	$43,421,897	$42,448,905	$42,504,574
Loans	113,435,271	116,508,907	121,772,781	117,552,786	110,163,352
Employment	443,716	627,305	536,241	784,755	780,738
Total Federal	$158,753,224	$159,808,082	$165,730,919	$160,786,446	$153,448,664
State					
Grants	$3,531,421	$3,502,496	$3,440,642	$3,986,974	$4,349,175
Scholarships	13,780,544	13,188,737	12,316,393	9,246,986	7,157,193
Employment	9,895	7,840	10,844	14,467	14,378
Total State	$17,321,860	$16,699,073	$15,767,879	$13,248,427	$11,520,746
Institutional					
Grants	$8,533,850	$11,485,575	$12,620,662	$11,576,634	$12,946,514
Scholarships	6,506,608	7,485,526	7,946,907	7,982,183	7,783,984
Total Institutional	$15,040,458	$18,971,101	$20,567,569	$19,558,817	$20,730,498
Private					
Loans	$4,740,722	$5,083,309	$6,489,958	$6,202,587	$7,699,976
Scholarships	3,946,866	4,085,508	4,298,930	5,113,468	5,272,982
Total Private	$8,687,588	$9,168,817	$10,788,888	$11,316,055	$12,972,958
Total Awarded	**$199,803,130**	**$204,647,073**	**$212,855,255**	**$204,909,745**	**$198,672,866**

Selected Historical Financial Information

Selected University financial information for Fiscal Year 2011-12 through Fiscal Year 2015-16 is set forth in the following two tables. This selected historical information, with the exception of preliminary 2015-16 information, has been derived from, and should be read in conjunction with, the University's financial statements and the related notes thereto, of which Fiscal Year 2014-15 is included as Appendix G to this Official Statement. Such financial information has been subject to audit procedures by the State of Florida Auditor General's Office.

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Statement of Net Position

	at June 30				
Assets	2012	2013	2014	2015	2016 [1]
Current Assets					
Cash and Cash equivalents	$9,853,692	$15,069,684	$9,836,128	$7,476,197	$6,361,224
Investments	181,841,245	183,812,221	206,769,689	213,528,324	230,726,758
Accounts Receivable, Net	25,988,692	17,623,748	19,241,680	24,049,108	35,987,295
Loans and Notes Receivable, Net	1,877,893	2,340,081	2,527,716	2,575,894	2,542,198
Due from State	5,239	69,919	5,733,503	10,342,370	12,460,510
Due from Component Units/University	2,232,905	4,272,831	1,830,654	1,232,581	3,198,046
Inventories	112,156	61,194	59,113	44,674	47,791
Other current assets	551,389	620,834	2,368,608	3,315,195	2,231,442
Total Current Assets	$222,463,211	$223,870,512	$248,367,091	$262,564,343	$293,555,264
Noncurrent Assets					
Restricted cash and cash equivalents	$4,977	$5,055	$5,551	$5,613	$5,613
Restricted Investments	2,048,021	13,855,175	1,265,519	1,908,430	1,960,385
Loans and Notes Receivable	1,760,042	1,749,173	1,662,150	1,701,178	1,950,658
Depreciable capital assets, net	789,465,779	770,983,039	775,607,904	753,485,283	738,720,279
Nondepreciable capital assets	13,201,230	13,713,386	17,432,488	18,626,248	20,250,915
Other noncurrent assets	571,587	686,795	-	-	-
Total Noncurrent Assets	$807,051,636	$800,992,623	$795,973,612	$775,726,752	$762,887,850
Total Assets	$1,029,514,847	$1,024,863,135	$1,044,340,703	$1,038,291,095	$1,056,443,114
Deferred Outflows of Resources	-	-	-	$20,666,642	$26,062,941
Liabilities					
Current Liabilities					
Accounts Payable	$10,228,032	$8,989,469	$7,922,523	$4,529,360	$6,477,664
Construction Contracts Payable	117,920	112,876	105,900	42,959	-
Salary and wage payable	2,675,014	2,497,764	3,275,292	7,667,128	12,821,456
Deposits payable	4,920,795	7,946,286	6,237,527	1,179,110	550,652
Due to Component Units/University	1,802,587	2,284,710	2,292,069	3,166,219	2,489,825
Unearned Revenue	9,907,749	11,770,504	18,933,068	23,743,837	14,896,502
LT Liabilities - current portion					
Capital Improvement Debt payable	3,439,784	4,096,666	4,226,666	4,386,666	4,556,666
Capital Leases payable	558,553	688,313	706,242	723,344	668,090
Unearned Lease revenue	400,000	400,000	400,000	400,000	400,000
Compensated Absences	1,556,438	1,642,618	1,701,307	1,727,222	1,805,318
Total Current Liabilities	$35,606,872	$40,429,206	$45,800,594	$47,565,845	$44,666,173
Noncurrent Liabilities					
Capital Improvement Debt payable	$75,211,261	$84,973,699	$80,747,032	$76,360,366	$71,803,701
Capital Leases payable	10,254,708	8,851,952	8,145,710	8,237,808	7,569,718
Unearned Lease revenue	10,666,667	10,266,667	9,866,667	9,466,667	9,066,667
Federal Advance Payable	1,833,748	1,833,748	1,833,748	1,832,092	1,832,092
Compensated absences payable	24,215,769	24,820,388	27,408,304	28,932,566	24,815,078
Other Postemployment benefits payable	21,609,000	29,486,000	37,593,000	44,897,000	54,393,000
Net Pension Liability	-	-	-	37,168,670	59,925,744
Total Noncurrent Liabilities	$143,791,153	$160,232,454	$165,594,461	$206,895,169	$229,406,000
Total Liabilities	$179,398,025	$200,661,660	$211,395,055	$254,461,014	$274,072,173
Deferred Inflows of Resources	-	-	-	$28,894,234	$10,166,963
Net Position					
Net Investment in Capital Assets	$713,779,267	$673,641,628	$686,114,869	$671,596,936	$668,518,738
Restricted for Expendable:					
Loans	3,484,433	3,494,887	3,703,563	3,635,232	3,797,000
Other	14,037,113	16,051,611	14,036,481	14,346,373	17,163,092
Unrestricted	118,816,009	131,013,349	129,090,735	86,023,949	108,788,089
Total Net Position	$850,116,822	$824,201,475	$832,945,648	$775,602,490	$798,266,919

[1] Fiscal Year 2015-16 information is unaudited.

Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Years Ending June 30				
	2012	2013	2014	2015	2016 [1]
REVENUES					
Operating Revenue:					
Student Tuition and Fees, Net of Scholarship Allowances	$114,553,254	$130,687,011	$135,355,510	$144,741,823	$154,211,903
Federal Grants and Contracts	27,678,987	24,881,664	24,320,929	19,712,492	25,595,169
State and Local Grants and Contracts	7,291,672	7,803,106	8,725,020	11,914,768	13,749,854
Nongovernmental Grants and Contracts	6,206,599	6,389,125	6,813,715	9,109,890	11,353,378
Sales & Services of Educational Departments	370,907	418,071	487,612	463,026	814,386
Sales & Services of Auxiliary Enterprises	48,538,721	49,095,060	47,003,235	55,657,045	58,571,613
Interest on Loans Receivable	144,923	88,272	92,303	51,166	43,383
Other Operating Revenue	8,776,377	10,877,379	6,004,845	10,686,717	13,655,119
Total Operating Revenue	**$213,561,440**	**$230,239,688**	**$228,803,169**	**$252,336,927**	**$277,994,805**
EXPENSES					
Operating Expenses:					
Compensation and Employee Benefits	$259,147,025	$254,187,391	$271,513,382	$289,163,943	$312,892,225
Services and Supplies	87,315,068	93,399,740	93,730,221	101,043,182	104,715,252
Utilities and Communications	13,415,754	13,082,533	12,561,324	13,675,712	13,412,774
Scholarships and Fellowships	52,761,207	51,753,971	49,959,378	46,748,706	48,017,934
Depreciation	30,814,788	30,629,967	30,156,634	32,199,896	31,767,976
Total Operating Expenses	**$443,453,842**	**$443,053,602**	**$457,920,939**	**$482,831,439**	**$510,806,161**
Operating Loss	**($229,892,402)**	**($212,813,914)**	**($229,117,770)**	**($230,494,512)**	**($232,811,356)**
NONOPERATING REVENUES (EXPENSES)					
State Noncapital Appropriations	$145,091,785	$117,188,870	$158,928,178	$159,682,607	$173,193,946
Federal and State Student Financial Aid	62,273,887	59,683,066	59,081,152	56,036,212	54,893,309
Investment Income	4,552,451	2,916,229	2,167,873	3,115,495	3,397,267
Net Realized/Unrealized Gain (Loss) on Investments	-	(3,425,040)	1,936,308	(1,206,641)	2,967,963
Other Nonoperating Revenues	13,170,904	14,153,608	10,847,539	13,078,296	12,530,565
Gain/Loss on Disposal of Capital Assets	(16,468,793)	(895,452)	(1,058,779)	(11,523,843)	(1,233,398)
Interest of Asset-Related Debt	(4,180,399)	(3,964,341)	(3,627,480)	(3,866,272)	(3,732,337)
Other Nonoperating Expenses	(2,822,681)	(2,587,137)	(1,415,365)	(984,491)	(241,249)
Net Nonoperating Revenues (Expenses)	**$201,617,154**	**$183,069,803**	**$226,859,426**	**$214,331,363**	**$241,776,066**
Loss Before Other Revenues, Expenses, Gains, or Losses	**($28,275,248)**	**($29,744,111)**	**($2,258,344)**	**($16,163,149)**	**$8,964,710**
State Capital Appropriations	1,563,172	1,210,553	5,627,602	5,114,000	13,559,869
Capital Grants, Contracts, Donations and Fees	23,563,509	2,250,414	5,730,397	1,997,078	139,850
Other Revenues (Expenses)	-	367,797	331,313	308,089	-
Total Contributions and Transfers	$25,126,681	$3,828,764	$11,689,312	$7,419,167	$13,699,719
Increase (Decrease) in Net Position	**($3,148,567)**	**($25,915,347)**	**$9,430,968**	**($8,743,982)**	**$22,664,429**
Net Position, Beginning of Year	$853,265,389	$850,116,822	$824,201,475	$832,945,648	$775,602,490
Adjustment to Beginning Net Position	-	-	(686,795)	(48,599,176)	-
Net Position, Beginning of Year, as Restated	$853,265,389	$850,116,822	$823,514,680	$784,346,472	$775,602,490
Net Position, End of Year	$850,116,822	$824,201,475	$832,945,648	$775,602,490	$798,266,919

[1] Fiscal Year 2015-16 information is unaudited

Students

General. The 2015 Fall semester enrollment at FAU was 30,714 students. Florida Atlantic University had 3,474 first-time-in-college students in the freshman class of 2015, topping the previous year's record enrollment by 13.5%. The average Scholastic Aptitude Test score for these students was 1,079 with an average high school grade point average of 3.9. The majority of the University's students come from Broward and Palm Beach counties.

Student Enrollment. The following table shows the admission and registration data for new students that applied for admission, were admitted and registered at Florida Atlantic University for the periods indicated.

Admission and Registration Headcounts and Percentage by Type of Student

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
All Students:						
Applicants	36,991	36,472	35,428 [2]	30,265 [2]	32,943	33,212
Admitted	13,528	13,973	15,107	13,043	14,384	12,314
% of Applicants Admitted	36.6%	38.3%	42.6%	43.1%	43.7%	37.1%
Enrolled	6,362	6,329	6,496	6,011	6,475	6,987
% of Admitted Enrolled	47.0%	45.3%	43.0%	46.1%	45.0%	56.7%
First-Time-In-College:						
Applicants	24,667	21,140	20,455	15,645	17,770	18,341
Admitted	7,699	7,676	8,934	7,235	8,131	6,710
% of Applicants Admitted	31.2%	36.3%	43.7%	46.2%	45.8%	36.6%
Enrolled	2,535	2,231	2,462	2,168	2,509	3,264 [3]
% of Admitted Enrolled	32.9%	29.1%	27.6%	30.0%	30.9%	48.6%
Community College Transfers:						
Applicants	4,452	4,864	4,731	4,231	4,379	4,150
Admitted	3,035	3,132	3,183	2,840	2,957	2,838
% of Applicants Admitted	68.2%	64.4%	67.3%	67.1%	67.5%	68.4%
Enrolled	2,058	2,060	2,093	1,921	1,902	1,882
% of Admitted Enrolled	67.8%	65.8%	65.8%	67.6%	64.3%	66.3%
Other Undergraduate Transfers:						
Applicants	3,071	3,849	3,349	3,054	2,927	2,622
Admitted	1,324	1,525	1,375	1,390	1,196	1,071
% of Applicants Admitted	43.1%	39.6%	41.1%	45.5%	40.9%	40.8%
Enrolled	675	815	720	712	606	536
% of Admitted Enrolled	51.0%	53.4%	52.4%	51.2%	50.7%	50.0%
Graduate:						
Applicants	3,301	3,706	3,829	3,958	3,740	3,945
Admitted	1,406	1,577	1,552	1,503	1,626	1,632
% of Applicants Admitted	42.6%	42.6%	40.5%	38.0%	43.5%	41.4%
Enrolled	1,030	1,160	1,158	1,176	1,171	1,244
% of Admitted Enrolled	73.3%	73.6%	74.6%	78.2%	72.0%	76.2%
Professional Schools: [1]						
Applicants	1,500	2,913	3,064	3,377	4,127	4,154
Admitted	64	63	63	64	67	63
% of Applicants Admitted	4.3%	2.2%	2.1%	1.9%	1.6%	1.5%
Enrolled	64	63	63	64	63	61
% of Admitted Enrolled	100.0%	100.0%	100.0%	100.0%	94.0%	96.8%

[1] The collection of enrollment data for the category "Professional Schools" began in Fall 2011.

[2] Decline in applications primarily due to change in admissions practices to focus on higher quality students.

[3] Beginning Fall 2016 enrolled includes Summer/Fall.

The table below shows the University's annual full-time equivalent ("FTE") enrollment by level and total headcount enrollment for the fall semester for the academic years indicated. The full-time equivalent student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. Under the semester system, 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 hours for undergraduate students and 32 hours for graduate students. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

Headcount Enrollment by Level

Fall	Undergraduate	Graduate	Other	Annual Total
2012	24,057	4,447	1,534	30,038
2013	24,686	4,666	1,451	30,803
2014	24,228	4,593	1,543	30,364
2015	24,519	4,646	1,549	30,714
2016[1]	24,204	4,578	1,748	30,530

[1]Preliminary.

The full-time equivalent (FTE) student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

The State University System has previously reported FTEs under its own methodology where 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 credit hours for undergraduate students and 32 credit hours for graduate students.

The federal government's IPED (Integrated Postsecondary Education Data System) method defines one FTE as 30 credit hours over a 12-month period for undergraduate students and 24 credit hours over a 12-month period of graduate students.

University Full-time Equivalent Enrollment by Level
(Using Florida method)

Academic Year	Undergraduate	Graduate	Annual Total
2011-12	15,292	2,447	17,739
2012-13	15,543	2,478	18,021
2013-14	15,748	2,372	18,120
2014-15	15,586	2,349	17,935
2015-16	15,980	2,385	18,365

University Full-time Equivalent Enrollment by Level
(Using IPED method)

Academic Year	Undergraduate	Graduate	Annual Total
2012-13	20,723	3,304	24,027
2013-14	20,997	3,163	24,160
2014-15	20,781	3,133	23,914
2015-16	20,914	3,085	23,999

Total Headcount Enrollment by Area of Origin at Time of Admission or Readmission

Area	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Florida	27,516	28,504	29,039	28,451	28,110
New York	223	217	223	259	306
New Jersey	210	209	210	212	291
Pennsylvania	87	80	84	106	126
Illinois	46	55	56	75	100
Connecticut	39	47	61	60	87
Texas	46	64	65	72	86
All other states*	648	694	708	800	846
	28,815	29,870	30,446	30,035	29,952
Foreign Students/Not Reported	498	168	357	329	762
Total Enrollment	29,313	30,038	30,803	30,364	30,714

*No other state had 78 or more students attending the University in the Fall 2015.

Total Headcount Enrollment by County Within Service Area at Time of Admission or Readmission

County	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Broward	11,018	11,262	11,362	11,082	10,818
Indian River	191	155	139	124	127
Martin	520	476	416	389	343
Okeechobee	35	27	30	25	32
Palm Beach	10,029	10,450	10,691	10,525	10,277
St. Lucie	682	656	544	465	426
Total	22,475	23,026	23,182	22,610	22,023

Student Recruitment. The Florida Atlantic University Office of Admissions, in cooperation with the Office of Graduate Studies and Admissions, is responsible for recruiting a student body consisting of outstanding academic talent from Florida, the United States and abroad. The annual campaign to recruit students for the fall semester involves creating and updating publications; communicating with prospective students through direct mail and personal contact campaigns; traveling to selected secondary schools, college fairs, Florida community colleges and national and regional professional meetings of college placement counselors and admissions officers; and hosting University open houses for prospective students and their families. Diversity outreach efforts include special mailings to minority students, traveling to different locations to participate in various minority programs and hosting on-campus events for students and counselors.

In 2015, Florida Atlantic University implemented a plan to phase in higher admission standards for prospective students. Prospective students requiring remediation in math, writing and reading, as evidenced by SAT and ACT test scores, were deferred admission to the University. The University has not had any appreciable loss of student enrollment due to the increased admission standards.

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Student Quality Indicators. The following table shows the average high school grade point averages (GPA), Scholastic Aptitude Test (SAT) scores and American College Test (ACT) scores for first-time-in-college students at the Florida Atlantic University for the past five fall semesters.

Student Quality Indicators
For First-Time-In-College Students

Fall	Average High School GPA	Average SAT Scores	Average ACT Scores
2011	3.6	1,106	24
2012	3.7	1,116	25
2013	3.7	1,100	24
2014	3.9	1,096	25
2015	3.9	1,079	24

The following table shows the degrees awarded to Florida Atlantic University students.

Degrees Awarded by College

	2011-12						2012-13						2013-14						2014-15						2015-16					
	AA	B	M	S	D	MD	AA	B	M	S	D	MD	AA	B	M	S	D	MD	AA	B	M	S	D	MD	AA	B	M	S	D	MD
Arts & Letters	-	1,102	108	-	5	-	-	1,153	127	-	8	-	-	996	98	-	6	-	-	1,140	121	-	8	-	-	1,089	101	-	6	-
Business	-	1,300	448	-	11	-	-	1,417	487	-	7	-	-	1,351	424	-	9	-	-	1,547	419	-	6	-	-	1,411	505	-	6	-
Design and Social Inquiry	-	605	125	-	3	-	-	616	190	-	4	-	-	675	185	-	4	-	-	720	248	-	3	-	-	735	212	-	7	-
Education	-	610	270	29	33	-	-	583	260	25	23	-	-	525	274	35	40	-	-	571	238	16	31	-	-	630	202	11	33	-
Engineering/Computer Science	-	222	94	-	12	-	-	306	81	-	11	-	-	340	111	-	14	-	-	305	95	-	19	-	-	390	68	-	12	-
Honors College	-	57	-	-	-	-	-	72	-	-	-	-	-	56	-	-	-	-	-	62	-	-	-	-	-	88	-	-	-	-
Liberal Arts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medicine	-	-	24	-	-	-	-	-	29	-	-	-	-	-	36	-	-	-	-	-	24	-	-	54	-	-	20	-	-	61
Nursing	-	246	117	-	13	-	-	260	148	-	15	-	-	197	143	-	28	-	-	253	153	-	20	-	-	292	136	-	25	-
Science	-	750	73	-	40	-	-	717	93	-	35	-	-	877	84	-	27	-	-	874	93	-	27	-	-	1,002	78	-	32	-
Undecided	251	-	-	-	-	-	297	-	-	-	-	-	353	-	-	-	-	-	360	-	-	-	-	-	325	-	-	-	-	-
Total	251	4,892	1,259	29	117	-	297	5,124	1,415	25	103	-	353	5,017	1,355	35	128	-	360	5,472	1,391	16	114	54	325	5,637	1,322	11	121	61

Note: AA= Associates of Arts, B= Baccalaureate Degree, M= Master’s Degree, S= Specialist Degree (Research and Professional), MD= Medical

Faculty

The following table reflects faculty data of the University for the past five academic years for which such information is available.

Faculty Data

Academic Year	Full-Time Faculty	Part-Time Faculty	Percentage Tenured [1]	Faculty with Terminal Degrees [2]	Student/Faculty Ratio (FTE)
2011-12	1,054	26	46%	777	20/1
2012-13	1,006	17	44%	760	23/1
2013-14	1,005	18	43%	751	24/1
2014-15	1,023	22	43%	773	24/1
2015-16	1,062	23	41%	728	23/1

[1] "Percentage Tenured" does not include tenure-earning faculty members.

[2] "Faculty with Terminal Degrees" includes faculty members with highest degree in their field.

Personnel

As of Fall 2015, the University employed the following personnel:

	Full Time	Part Time	Total
Faculty	1,062	23	1,085
Administrative and Professional Employees	1,176	15	1,191
Adjunct	4	629	633
Staff	469	12	481
Total Employees	2,711	679	3,390

Division of Student Affairs

The Vice President of Student Affairs is the Chief Administrative Officer of the Division of Student Affairs at the University. The office is always open to assist students in receiving a rewarding, productive university experience. The Division of Student Affairs offers the following services to students of the University:

- Housing
- Counseling
- Student Problem Solving
- Health Services
- Career Services
- Accessibility Services (Accommodations)
- Interpretation of University Regulations
- Students may petition the Vice President for Student Affairs for full withdrawals due to specified exceptional circumstances.
- Students may appeal disciplinary decisions to the Vice President for Student Affairs.
- Oversight of the Student Affairs and auxiliary operations

Endowments and Fund Raising Efforts

Florida Atlantic University Foundation, Inc. (the "Foundation"), which was incorporated on December 30, 1960, is an organization described in Section 501(c)(3) of the Internal Revenue Code created to directly support the activities of the University. It is organized and operated exclusively to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. Foundation revenues include unrestricted and restricted gifts and grants and investment income. Foundation expenditures include scholarship distributions to students, departmental faculty and staff development support and administrative costs of the Foundation's development program.

The governing body of the Foundation is a Board of Directors of not less than 15 or more than 35 members. Currently there are 27 members and 8 limited purpose members serving with no vacancies. The by-laws of the Foundation provide that the Executive Committee shall recommend the number of Director positions to be filled. The by-laws of the Foundation provide for the following ex-officio members of the Board of Directors:

- President of Florida Atlantic University (or his or her designee) (voting member)
- Representative of the Board of Trustees (voting member)
- President of the Florida Atlantic University Alumni Association
- President of the Florida Atlantic University Club
- Representative of the Faculty Senate
- President of the Student Government Association
- The Boca Raton Lifelong Learning Society President
- The Jupiter Lifelong Learning Society Advisory Board President
- The President of the Caring Hearts Auxiliary

Except for the two noted exceptions, ex-officio members serve as non-voting members of the Board of Directors. One-third of the voting members constitutes a quorum at any meeting of the Board of Directors except the executive committee meetings which require a quorum of fifty percent. All questions are decided by majority vote.

Just recently FAU Division of Institutional Advancement appointed Danita Nias, as Vice President for Institutional Advancement and chief executive officer of the Florida Atlantic University Foundation. Ms. Nias is a successful fundraiser and will lead the university into a new era of donor relations. She also will spearhead, at a point in time to be determined, a multi-hundred-million-dollar capital fundraising campaign. Ms. Nias has twenty years of solid experience in higher education fundraising and will begin in October 2016.

The table below sets forth financial information relating to the Florida Atlantic University Foundation, Inc.

Fiscal Year Ended	Assets	Liabilities	Revenues	Expenses
6/30/2012	224,933,257	17,410,958	16,323,104	18,593,570
6/30/2013	238,169,415	12,001,072	39,036,855	20,390,811
6/30/2014	260,141,198	11,858,645	43,846,270	21,732,060
6/30/2015	272,450,946	11,387,390	35,483,171	22,705,168
6/30/2016 [1]	275,942,037	11,675,471	28,138,773	24,935,761

[1] Fiscal Year 2016 information is unaudited.

Gifts received by the Florida Atlantic University Foundation, Inc. are shown in the table below.

Gift Report
For the Twelve Month Period Ended June 30

	2012	2013	2014	2015	2016
Non-Endowed	$ 8,537,348	$ 7,997,388	$ 9,585,047	$ 14,286,105	$ 10,963,362
Endowed	1,070,051	3,956,025	1,304,401	1,703,584	2,055,737
Total Gifts Received	$ 9,607,399	$ 11,953,413	$ 10,889,448	$ 15,989,689	$ 13,019,099

Harbor Branch Oceanographic Institute Foundation, Inc. (HBOIF), a Florida not-for-profit corporation is the surviving corporation of a merger of Harbor Branch Oceanographic Institution, Inc., a Florida not-for-profit corporation, incorporated on February 1, 1974, and Harbor Branch Oceanographic Institution, Inc., a Florida not-for-profit corporation, incorporated on October 27, 1975. The merger was effective on January 1, 2004.

HBOIF is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and operated exclusively to receive, hold, invest and administer property and to make expenditures to and for the benefit of Florida Atlantic University, and Harbor Branch Oceanographic Institute (HBOI), a research institute within Florida Atlantic University, by providing the Institute with funding and support for research and education in marine sciences and ocean engineering. HBOIF revenues include unrestricted and restricted gifts, rents, and investment income. Foundation expenditures include research and infrastructure grants, and fellowships for HBOI and the administrative costs of HBOIF's operations.

The governing body of HBOIF is a Board of Directors to be comprised of not less than five (5) nor more twenty-five (25) individuals, exclusive of *ex-officio*, designated, appointed, and non-voting Directors. All Directors other than those serving *ex-officio* (by virtue of his or her office, or appointed by the Chair of the Board of Trustees of Florida Atlantic University or the President of Florida Atlantic University or his or her designees), shall have a term of three (3) years renewable once and/or until a successor Director is appointed or elected in accordance with the Articles of Incorporation and the Bylaws. HBOIF shall elect Directors on a staggered term basis for continuity. Currently there are ten (10) voting members and four (4) *ex-officio* members. *Ex-officio* members include:

- Secretary/Legal Counsel
- Executive Director, Harbor Branch Oceanographic Institute at Florida Atlantic University
- Two (2) Emeritus Board designees

The HBOIF By-laws provide that a Nominating Committee under the direction of the Governance Committee shall determine a process by which to fill or not fill vacancies in cohort groups.

The HBOIF Investment Policy has a spendable policy up to 5% to fund grants and operations at the discretion of the HBOIF Board.

The table below sets forth financial information relating to HBOIF:

Fiscal Year Ended	Assets	Liabilities	Revenues	Expenses
6/30/2012	$60,020,593	$170,206	$2,884,512	$3,998,044
6/30/2013	62,734,028	273,183	10,293,476	7,683,018
6/30/2014	70,082,477	101,842	12,460,678	4,940,888
6/30/2015	68,836,838	155,260	4,706,985	6,006,042
6/30/2016 [1]	65,336,729	254,532	1,892,146	5,491,527

[1] Fiscal Year 2016 information is unaudited.

Gift Report
For the Twelve Month Period Ended June 30

	2012	2013	2014	2015	2016
Total Unrestricted Gifts	$66,614	$156,683	$111,553	$145,049	$153,002
Total Gifts Received	$66,614	$156,683	$111,553	$145,049	$153,002

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Report No. 2016-174
March 2016

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

FLORIDA ATLANTIC UNIVERSITY

For the Fiscal Year Ended
June 30, 2015

Sherrill F. Norman, CPA
Auditor General

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Ilene R. Gayle, CPA, and the audit was supervised by Diana G. Garza, CPA.

Please address inquiries regarding this report to Jaime Hoelscher, CPA, Audit Supervisor, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

www.myflorida.com/audgen

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

FLORIDA ATLANTIC UNIVERSITY

TABLE OF CONTENTS

SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida Atlantic University (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether Florida Atlantic University and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2015. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the University are included in our report No. 2016-134.

AUDIT METHODOLOGY

The methodology used to develop the findings in this report included the examination of pertinent University records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Atlantic University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Florida Atlantic University College of Medicine Self-Insurance Program, a blended component unit, which represents 0.31 percent, 0.40 percent, and 0.24 percent, respectively, of the assets, net position, and revenues, reported for Florida Atlantic University. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the discretely presented component units' columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Atlantic University and of its aggregate discretely presented component units as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2 and 3 to the financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is a change in accounting principle that requires an employer participating in a cost-sharing multiple-employer defined benefit pension plan to report the employer's proportionate share of the net pension liability of the defined benefit pension plan. This affects the comparability of amounts reported in the 2014-15 fiscal year with the amounts reported for the 2013-14 fiscal year. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, **Schedule of Funding Progress – Other Postemployment Benefits Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of Florida Atlantic University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Atlantic University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2015, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2015, and June 30, 2014.

FINANCIAL HIGHLIGHTS

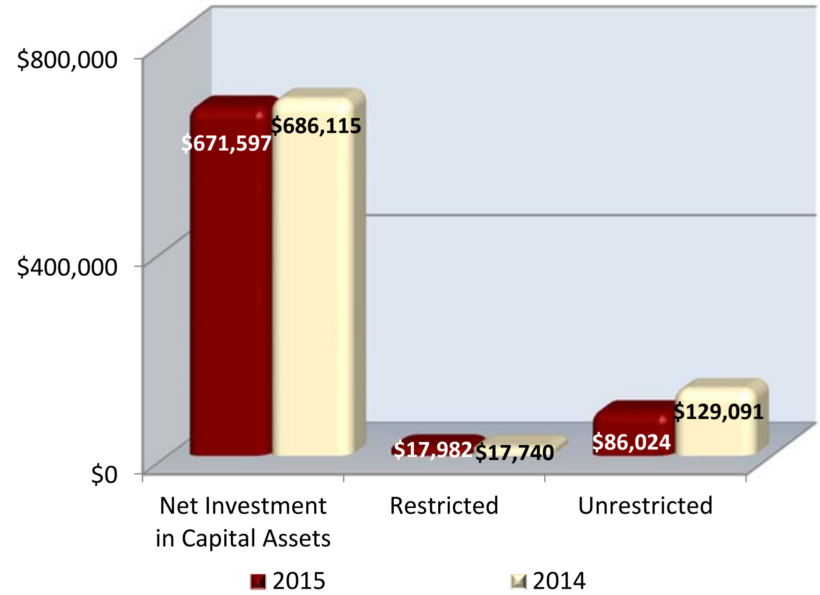
The University's assets totaled $1 billion at June 30, 2015. This balance reflects a $6 million, or 0.6 percent, decrease as compared to the 2013-14 fiscal year, resulting from an increase in receivables and investments and a decrease of capital assets. The implementation of Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, required the University to record deferred outflows of resources at June 30, 2015, totaling $20.7 million. This accounting standard requires the University, as a participating employer in the Florida Retirement System (FRS), to recognize its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. Liabilities increased by $43.1 million, or 20.4 percent, as a result of recording $37.2 million of the net pension liability, a $7.3 million increase in the other postemployment benefit (OPEB) liability, and a decrease of $3.4 million in accounts payable. Also related to the implementation of GASB 68, deferred inflows of resources totaling $28.9 million were recorded at June 30, 2015. Changes in liabilities are recognized through the Statement of Revenues, Expenses, and Changes in Net Position, or reported as deferred outflows or inflows of resources on the Statement of Net Position, depending on the nature of the change. The initial adoption of GASB 68 also resulted in an adjustment to beginning net position of $48.6 million.

The University's operating revenues totaled $252.3 million for the 2014-15 fiscal year, representing a 10.3 percent increase as compared to the 2013-14 fiscal year due mainly to an increase of $9.4 million in net tuition and fees generated by an increase in matriculation fees, an $8.7 million increase in sales and services of auxiliary enterprises, and a $4.6 million increase in other operating revenue mostly from athletic program revenue. Operating expenses totaled $482.8 million for the 2014-15 fiscal year, representing an increase of 5.4 percent as compared to the 2013-14 fiscal year due mainly to a $17.7 million increase in compensation and employee benefits and $7.3 million increase in the supplies and services associated with the operational costs.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2015, and June 30, 2014, is shown in the following graph:

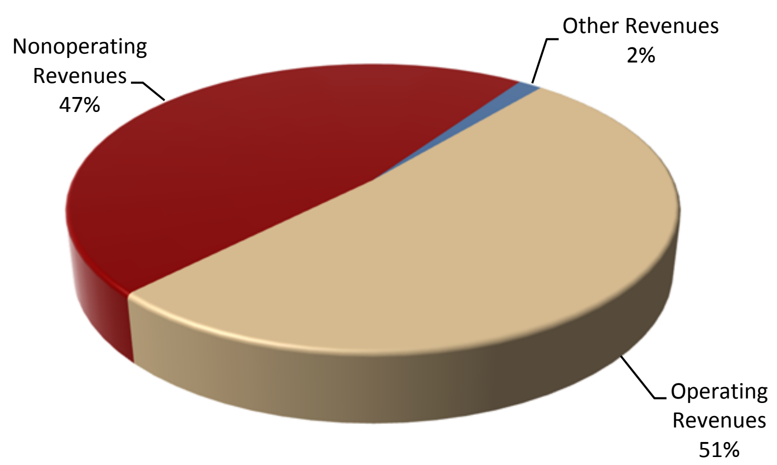
Net Position:

(In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2014-15 fiscal year:

Total Revenues:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- Blended Component Unit:
  - Florida Atlantic University College of Medicine Self-Insurance Program

- Discretely Presented Component Units:
  - Florida Atlantic University Foundation, Inc.
  - Florida Atlantic University Research Corporation, Inc.
  - Harbor Branch Oceanographic Institution Foundation, Inc.
  - Florida Atlantic University Finance Corporation
  - Florida Atlantic University Clinical Practice Organization, Inc.

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports. The Florida Atlantic University Foundation, Inc. and the Harbor Branch Oceanographic Institution Foundation, Inc. report under Financial Accounting Standards Board (FASB) standards and, as such, do not include an MD&A in their audit reports.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30

(In Thousands)

	2015	2014
Assets		
Current Assets	$ 262,564	$ 248,367
Capital Assets, Net	772,112	793,040
Other Noncurrent Assets	3,615	2,934
Total Assets	1,038,291	1,044,341
Deferred Outflows of Resources	20,667	-
Liabilities		
Current Liabilities	47,566	45,801
Noncurrent Liabilities	206,895	165,594
Total Liabilities	254,461	211,395
Deferred Inflows of Resources	28,894	-
Net Position		
Net Investment in Capital Assets	671,597	686,115
Restricted	17,982	17,740
Unrestricted	86,024	129,091
Total Net Position	$ 775,603	$ 832,946

The increase in current assets is due to more University funds being reported as investments, an increase in funds due from the State for the construction of capital projects, and an increase in outstanding accounts receivables. The decrease of capital assets is caused by removing the assets returned to the State after the closure of the Treasure Coast Campus. The increase in other noncurrent assets is caused by the investment of loan fund dollars that will be disbursed relative to the summer term. Deferred outflows of resources were recorded due to the adoption of GASB Statement No. 68. Noncurrent liabilities increased due to new liabilities recorded for the University's proportionate share of the FRS net pension liabilities, increased compensated absences payable, and increased other postemployment benefits payable. Deferred inflows of resources consist of the deferred inflows of pension resources associated with the adoption of GASB Statement No. 68.

The Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's activity for the 2014-15 and 2013-14 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years

(In Thousands)

	2014-15	2013-14
Operating Revenues	$ 252,337	$ 228,803
Less, Operating Expenses	482,831	457,921
Operating Loss	(230,494)	(229,118)
Net Nonoperating Revenues	214,331	226,860
Loss Before Other Revenues, Expenses, Gains, or Losses	(16,163)	(2,258)
Other Revenues, Expenses, Gains, or Losses	7,419	11,689
Net Increase (Decrease) In Net Position	(8,744)	9,431
Net Position, Beginning of Year	832,946	824,201
Adjustments to Beginning Net Position (1)	(48,599)	(686)
Net Position, Beginning of Year, as Restated	784,347	823,515
Net Position, End of Year	$ 775,603	$ 832,946

Note: (1) For the 2014-15 fiscal year, as discussed in Notes 2 and 3 to the financial statements, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 68. For the 2013-14 fiscal year, the adjustment to beginning net position resulted from the implementation of GASB statement No. 65, which required bond issuance costs that were previously deferred and amortized to be expensed when incurred.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2014-15 and 2013-14 fiscal years:

Operating Revenues
For the Fiscal Years

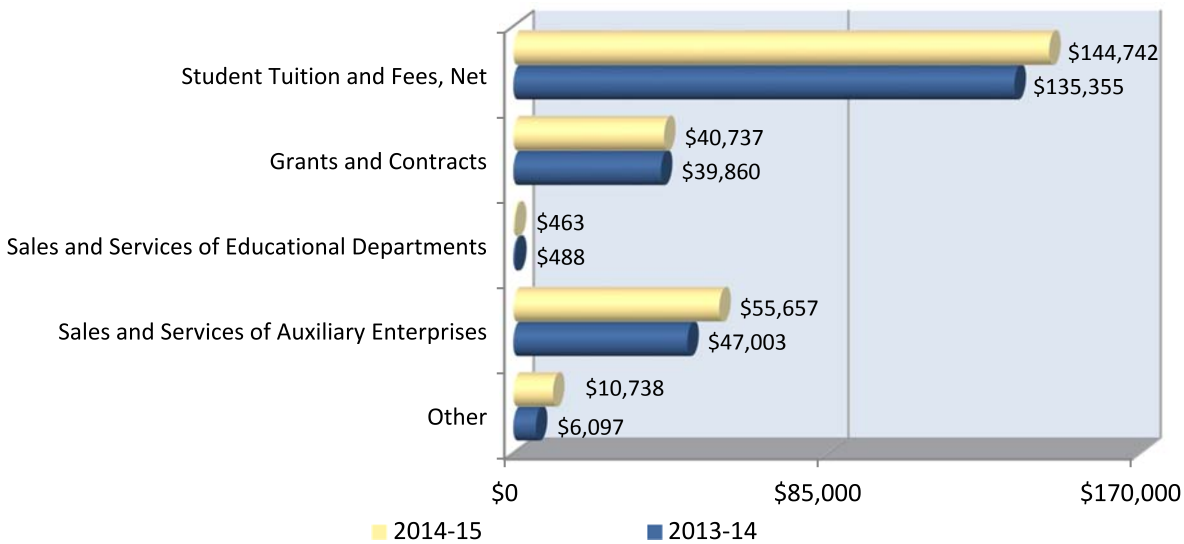
(In Thousands)

	2014-15	2013-14
Student Tuition and Fees, Net	$ 144,742	$ 135,355
Grants and Contracts	40,737	39,860
Sales and Services of Educational Departments	463	488
Sales and Services of Auxiliary Enterprises	55,657	47,003
Other	10,738	6,097
Total Operating Revenues	$ 252,337	$ 228,803

The following chart presents the University's operating revenues for the 2014-15 and 2013-14 fiscal years:

Operating Revenues:

(In Thousands)



University operating revenue changes were the result of the following factors:

University operating revenues were impacted by a $9.4 million net increase due to a change in the mix of nonresident versus resident student population, an increase in revenues from the Market Rate Executive MBA programs, and an increase in the revenues generated by the Graduate Medical Education program. The $8.7 million increase in sales and services of auxiliary enterprises is due mostly to revenue generated by the Internal Medicine Residency program in the College of Medicine and the timing of payments relating to a telecommunications agreement. The $4.6 million increase in other operating revenue is mainly due to an increase in Athletic program revenues.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2014-15 and 2013-14 fiscal years:

Operating Expenses
For the Fiscal Years

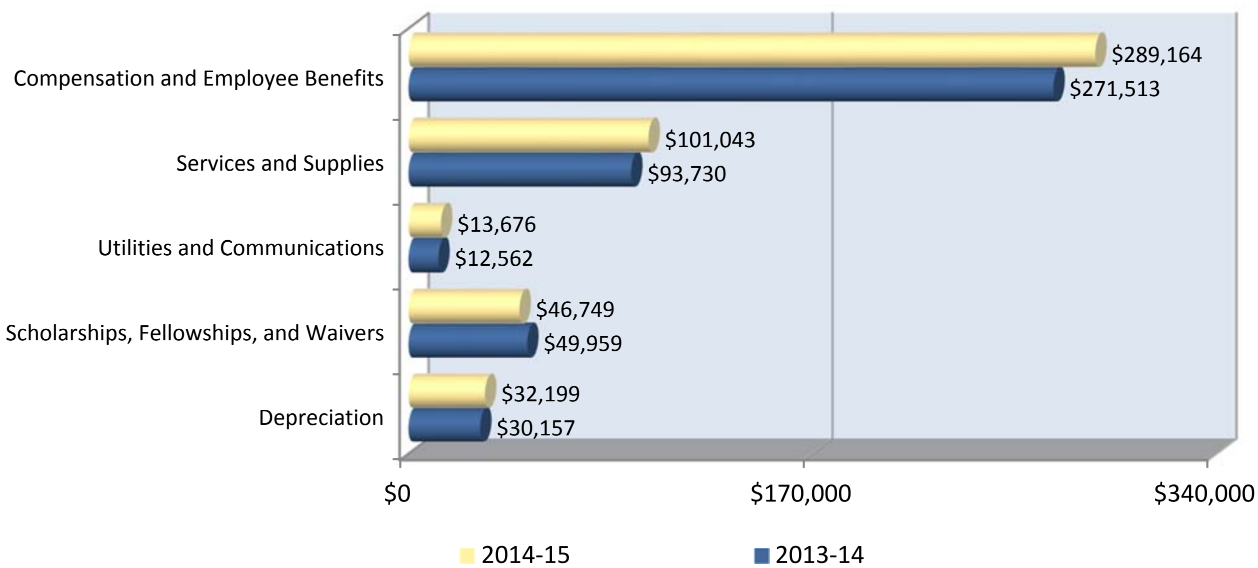
(In Thousands)

	2014-15	2013-14
Compensation and Employee Benefits	$ 289,164	$ 271,513
Services and Supplies	101,043	93,730
Utilities and Communications	13,676	12,562
Scholarships, Fellowships, and Waivers	46,749	49,959
Depreciation	32,199	30,157
Total Operating Expenses	$ 482,831	$ 457,921

The following chart presents the University's operating expenses for the 2014-15 and 2013-14 fiscal years:

Operating Expenses:

(In Thousands)



Changes in operating expenses were the result of the following factors:

The $17.7 million increase in compensation and employee benefits expense is primarily due to the restoration and hiring of vacant positions from the prior fiscal years when State appropriations were reduced. Departments were cautious and in some instances hiring was postponed. Upon restoration of these appropriations, hiring commenced. Additionally, there was a health benefit increase of $3.3 million that contributed to the increase in compensation and benefits expense. The $7.3 million increase in services and supplies expense is due to the increase in the repairs and maintenance costs for the operations of the University. The $3.2 million decrease in scholarships, fellowships, and waivers is due to less Bright Futures funding being available to award scholarships.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2014-15 and 2013-14 fiscal years:

Nonoperating Revenues (Expenses):
For the Fiscal Year Ended

(In Thousands)

	2014-15	**2013-14**
State Noncapital Appropriations	$ 159,683	$ 158,928
Federal and State Student Financial Aid	56,036	59,081
Investment Income	3,115	4,104
Unrealized Losses	(1,207)	-
Other Nonoperating Revenues	13,078	10,848
Loss on Disposal of Capital Assets	(11,524)	(1,059)
Interest on Capital Asset-Related Debt	(3,866)	(3,627)
Other Nonoperating Expenses	(984)	(1,415)
Net Nonoperating Revenues	$ 214,331	$ 226,860

The $3 million decrease in Federal and State Student Financial Aid was impacted by a reduction in funding available for awarding Bright Futures Scholarships. The combined decrease of $2.2 million of investment income and unrealized losses are due to reductions in investment earnings and the value (Fair Market Value adjustment of 1.0013 at June 30, 2015, versus 1.0074 at June 30, 2014), of the University's investments with the State Treasury. The $2.2 million increase in other nonoperating revenue is due to additional funding from the Florida Atlantic University Finance Corporation, as approved by its Board, for University scholarships. The $10.5 million increase in loss on disposal of capital assets is related to capital assets being returned to the State from the closure of the Treasure Coast Campus.

Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2014-15 and 2013-14 fiscal years:

Other Revenues, Expenses, Gains, or Losses:
For the Fiscal Year Ended

(In Thousands)

	2014-15	**2013-14**
State Capital Appropriations	$ 5,114	$ 5,628
Capital Grants, Contracts, Donations, and Fees	1,997	5,730
Other Revenues	308	331
Total	$ 7,419	$ 11,689

Capital grants, contracts, donations, and fees decreased by $3.7 million as a result of a one-time donation from the Florida Atlantic University Foundation in the 2013-14 fiscal year.

The Statement of Cash Flows

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2014-15 and 2013-14 fiscal years:

Condensed Statement of Cash Flows:
For the Fiscal Year Ended

(In Thousands)

	2014-15	2013-14
Cash Provided (Used) by:		
Operating Activities	$ (198,309)	$ (187,706)
Noncapital Financing Activities	229,893	231,370
Capital and Related Financing Activities	(27,894)	(37,774)
Investing Activities	(6,049)	(11,123)
Net Decrease in Cash and Cash Equivalents	(2,359)	(5,233)
Cash and Cash Equivalents, Beginning of Year	9,841	15,074
Cash and Cash Equivalents, End of Year	$ 7,482	$ 9,841

Major sources of funds came from State noncapital appropriations ($159.7 million), net student tuition and fees ($144.7 million), Federal Direct Loan receipts ($123.4 million), sales and services of auxiliary enterprises ($71.8 million), Federal and State student financial aid ($55.9 million), grants and contracts ($40 million), and other nonoperating receipts ($13.1 million). Major uses of funds were for payments made to and on behalf of employees ($283.5 million); disbursements to students for Federal Direct Loans ($123.3 million); payments to suppliers ($119.4 million); and payments to and on behalf of students for scholarships ($46.7 million). Changes in cash and cash equivalents were the result of the following factors:

- The increase in cash used by operating activities was due primarily to an increase in salary and benefit payments to employees.
- The decrease in cash provided by noncapital financing activities was primarily due to the decrease in Federal and State student financial aid.
- The decrease in cash used by capital and related financing activities was primarily due to the decrease in the purchase or construction of capital assets.

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2015, the University had $1.2 billion in capital assets, less accumulated depreciation of $387 million, for net capital assets of $772.1 million. Depreciation charges for the current fiscal year totaled $32.2 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30:
For the Fiscal Year Ended

(In Thousands)

	2015	**2014**
Land	$ 9,856	$ 11,204
Construction in Progress	4,426	1,885
Buildings	606,027	628,762
Infrastructure and Other Improvements	55,985	57,793
Furniture and Equipment	41,983	39,473
Library Resources	11,705	11,153
Property Under Capital Leases and Leasehold Improvements	36,475	36,963
Works of Art and Historical Treasures	5,257	5,153
Computer Software	398	654
Capital Assets, Net	$772,112	$793,040

Additional information about the University's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitments

Major capital expenses through June 30, 2015, were incurred on the following projects: College of Medicine Office Building; Parking Lot #7 Renovations; and Breezeway Renovations on the Boca Raton Campus. The University's construction commitments at June 30, 2015, are as follows:

	Amount (In Thousands)
Total Committed	$ 7,983
Completed to Date	(4,426)
Balance Committed	$ 3,557

Additional information about the University's construction commitments is presented in the notes to financial statements.

Debt Administration

As of June 30, 2015, the University had $89.7 million in outstanding capital improvement debt payable and capital leases payable, representing a decrease of $4.1 million, or 4.4 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt, at June 30:
For Fiscal Year Ended

(In Thousands)

	2015	**2014**
Capital Improvement Debt	$ 80,747	$ 84,974
Capital Leases	8,961	8,852
Total	$ 89,708	$ 93,826

Additional information about the University's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University experienced an increase in revenue received from the State funding due to an upturn in the overall budget for the State of Florida. The Florida Legislature adopted a 3.5 percent increase in the Educational and General Budget allocation for State universities for the 2015-16 fiscal year. Florida Atlantic University's share of that increase translated to an increase of $19 million in Educational and General Funds, which includes $11.3 million for Performance Funding Metrics. Funding priorities for higher education continued to focus on efforts to maintain a stable funding environment, including enrollment increase support and recognition of specific programmatic initiatives and support of the 2015-2025 Strategic Plan.

Improving the 10 Board of Governors base funding initiatives for strengthening graduation rates, enhancing recruitment/retention efforts and growing academic program offerings, are the priorities of the campus for the 2015-16 fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Dorothy Russell, Vice President for Financial Affairs and Chief Financial Officer, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida 33431.

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Florida Atlantic University
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2015

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 7,476,197	$ 32,335,457
Cash with Fiscal Agent	-	25,485,696
Investments	213,528,324	126,257,599
Accounts Receivable, Net	24,049,108	6,836,881
Loans and Notes Receivable, Net	2,575,894	-
Due from State	10,342,370	-
Due from Component Units/University	1,232,581	3,166,219
Inventories	44,674	-
Net Investment in Direct Financing-Type Leases	-	497,000
Other Current Assets	3,315,195	184,111
Total Current Assets	262,564,343	194,762,963
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	5,613	89,596
Restricted Cash with Fiscal Agent	-	18,957,280
Restricted Investments	1,908,430	152,564,198
Net Investment in Direct Financing-Type Leases	-	7,648,590
Accounts Receivable, Net	-	8,154,452
Loans and Notes Receivable, Net	1,701,179	-
Depreciable Capital Assets, Net	753,485,283	131,603,445
Nondepreciable Capital Assets	18,626,248	11,697,175
Other Noncurrent Assets	-	9,866,667
Total Noncurrent Assets	775,726,753	340,581,403
Total Assets	1,038,291,096	535,344,366
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	20,666,642	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,529,360	1,623,761
Construction Contracts Payable	42,959	-
Salary and Wages Payable	7,667,128	-
Deposits Payable	1,179,110	-
Due to Component Units/University	3,166,219	1,232,581
Unearned Revenue	23,743,837	4,716,822
Other Current Liabilities	-	6,505,870
Long-Term Liabilities - Current Portion:	-	-
Capital Improvement Debt Payable	4,386,666	-
Bonds Payable	-	4,530,000
Certificates of Participation Payable	-	497,000
Capital Leases Payable	723,344	-
Unearned Lease Revenue	400,000	-
Compensated Absences Payable	1,727,222	13,626
Total Current Liabilities	47,565,845	19,119,660

Florida Atlantic University
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2015

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	76,360,366	-
Bonds Payable	-	205,129,894
Certificates of Participation Payable	-	7,692,000
Capital Leases Payable	8,237,808	-
Compensated Absences Payable	28,932,566	212,009
Federal Advance Payable	1,832,092	
Other Postemployment Benefits Payable	44,897,000	-
Unearned Lease Revenue	9,466,667	-
Net Pension Liability	37,168,670	-
Other Noncurrent Liabilities	-	208,496
Total Noncurrent Liabilities	206,895,169	213,242,399
Total Liabilities	254,461,014	232,362,059
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	28,894,234	-
NET POSITION		
Net Investment in Capital Assets	671,596,936	(21,916,298)
Restricted for Nonexpendable:		
Endowment	-	147,766,326
Restricted for Expendable:		
Debt Service	-	19,452,960
Loans	3,635,232	-
Other	14,346,373	162,336,111
Unrestricted	86,023,949	(4,656,792)
TOTAL NET POSITION	$ 775,602,490	$ 302,982,307

The accompanying notes to financial statements are an integral part of this statement.

Florida Atlantic University
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2015

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $52,715,336	$ 144,741,823	$ -
Federal Grants and Contracts	19,712,492	-
State and Local Grants and Contracts	11,914,768	2,960,496
Nongovernmental Grants and Contracts	9,109,890	1,151,775
Sales and Services of Educational Departments	463,026	-
Sales and Services of Auxiliary Enterprises $8,323,423 Pledged for Housing Facility Revenue Bonds and $6,675,001 Pledged for the Parking System Revenue Bonds)	55,657,045	-
Sales and Services of Component Units	-	25,724,081
Royalties and Licensing Fees	-	172,930
Gifts and Donations	-	9,040,376
Interest on Loans and Notes Receivable	51,166	206,471
Other Operating Revenues	10,686,717	2,044,583
Total Operating Revenues	252,336,927	41,300,712
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	289,163,943	10,269,989
Services and Supplies	101,043,182	15,629,429
Utilities and Communications	13,675,712	2,052,997
Scholarships, Fellowships, and Waivers	46,748,706	4,817,133
Depreciation	32,199,896	5,333,076
Other Operating Expenses	-	4,593,667
Total Operating Expenses	482,831,439	42,696,291
Operating Loss	(230,494,512)	(1,395,579)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	159,682,607	-
Federal and State Student Financial Aid	56,036,212	-
Investment Income	3,115,495	5,248,954
Net Realized and Unrealized Gain (Loss) on Investments	(1,206,641)	326,039
Other Nonoperating Revenues	13,078,296	6,321,131
Loss on Disposal of Capital Assets	(11,523,843)	-
Interest on Capital Asset-Related Debt	(3,866,272)	(13,136,668)
Other Nonoperating Expenses	(984,491)	(1,282,142)
Net Nonoperating Revenues (Expenses)	214,331,363	(2,522,686)
Loss Before Other Revenues, Expenses, Gains, or Losses	(16,163,149)	(3,918,265)
State Capital Appropriations	5,114,000	-
Capital Grants, Contracts, Donations, and Fees	1,997,078	15,432,126
Other Revenues (Expenses)	308,089	(66,403)
Increase (Decrease) in Net Position	(8,743,982)	11,447,458
Net Position, Beginning of Year	832,945,648	291,534,849
Adjustment to Beginning Net Position	(48,599,176)	-
Net Position, Beginning of Year, as Restated	784,346,472	291,534,849
Net Position, End of Year	$ 775,602,490	$ 302,982,307

The accompanying notes to financial statements are an integral part of this statement.

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Florida Atlantic University
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 144,741,823
Grants and Contracts	40,004,226
Sales and Services of Educational Departments	463,026
Sales and Services of Auxiliary Enterprises	71,815,773
Interest on Loans and Notes Receivable	51,166
Payments to Employees	(283,512,680)
Payments to Suppliers for Goods and Services	(119,350,742)
Payments to Students for Scholarships and Fellowships	(46,748,706)
Loans Issued to Students	(744,064)
Collection on Loans to Students	656,857
Other Operating Disbursements	(5,685,979)
Net Cash Used by Operating Activities	(198,309,300)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	159,682,607
Federal and State Student Financial Aid	55,936,894
Operating Subsidies and Transfers	308,089
Federal Direct Loan Program Receipts	123,408,668
Federal Direct Loan Program Disbursements	(123,291,381)
Net Change in Funds Held for Others	777,145
Other Nonoperating Receipts	13,078,296
Other Nonoperating Disbursements	(7,397)
Net Cash Provided by Noncapital Financing Activities	229,892,921
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	3,470,935
Capital Grants, Contracts, Donations and Fees	1,763,815
Capital Subsidies and Transfers	202,078
Other Purchases for Capital Projects	(1,196,201)
Purchase or Construction of Capital Assets	(23,335,449)
Principal Paid on Capital Debt and Leases	(4,932,908)
Interest Paid on Capital Debt and Leases	(3,866,272)
Net Cash Used by Capital and Related Financing Activities	(27,894,002)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	288,603,149
Purchases of Investments	(297,842,534)
Investment Income	3,189,897
Net Cash Used by Investing Activities	(6,049,488)
Net Decrease in Cash and Cash Equivalents	(2,359,869)
Cash and Cash Equivalents, Beginning of Year	9,841,679
Cash and Cash Equivalents, End of Year	$ 7,481,810

Florida Atlantic University
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2015

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (230,494,512)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	32,199,896
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Accounts Receivables, Net	(2,560,485)
Loans and Notes Receivable	(87,207)
Inventories	14,439
Other Current Assets	(946,587)
Accounts Payable	(649,413)
Deposits Payable	(3,229,153)
Unearned Revenue	1,792,459
Compensated Absences Payable	1,550,177
Other Postemployment Benefits Payable	7,304,000
Net Pension Liability	(18,078,093)
Deferred Outflows of Resources Related to Pensions	(14,019,055)
Deferred Inflows of Resources Related to Pensions	28,894,234
NET CASH USED BY OPERATING ACTIVITIES	$ (198,309,300)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (1,206,641)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (11,523,843)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 231,175

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Blended Component Unit. Based on the application of the criteria for determining component units, the Florida Atlantic University College of Medicine Self-Insurance Program (Program), is included within the University's reporting entity as a blended component unit. The Program was created on June 23, 2011, by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes, and its sole purpose is to assist in providing comprehensive general liability (malpractice) coverage for the University and its affiliated individuals and entities, and is therefore reported as if it is part of the University. Condensed financial statements for the University's blended component unit are shown in a subsequent note.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, certain affiliated organizations are included within the University's reporting entity as discretely presented component units. The University further categorizes its component units as Direct-Support Organizations and Health Science Center Affiliates. An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the office of University Relations. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Direct Support Organizations. The University's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011 are considered component units of

Florida Atlantic University and, therefore, the latest audited financial statements of these organizations are included in the University's financial statements by discrete presentation. These legally separate, not-for-profit corporations are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and are governed by separate boards. The Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- Florida Atlantic University Foundation, Inc. (Foundation) is a separate corporation operating independently from the University and, as such, receives and administers most private support for the University. Any person or organization contributing money, stock, or any other item to be used in support of the general or specific support of the University usually does so through the offices of the Foundation.
- Florida Atlantic University Research Corporation, Inc. (Corporation) was established by Florida Atlantic University in 1990. It has been organized to promote and encourage, and to provide assistance to, the research activities of the University's faculty, staff, and students. The Corporation has been granted rights and responsibilities for the development, protection, and commercial application of defined and selected intellectual property. In consideration of its efforts, the Corporation is entitled to a portion of the royalties, license fees, or other revenue for the benefit of the University. The Corporation also accepts and administers contracts and grants from private industry, foundations, and other agencies whenever it is required by the granting agency, or when it is in the best interest of the University.
- Harbor Branch Oceanographic Institution Foundation, Inc. is a separate corporation operating independently from the University that became a provider of funding and support for the research and education in marine sciences and ocean engineering to the Harbor Branch Oceanographic Institute, a research institute with the University. The Foundation receives and administers most private support to the Institute as it increases the understanding of oceans and coastal areas through exploration and scientific investigation.
- Florida Atlantic University Finance Corporation is a separate corporation operating independently from the University. It has been organized and operated to assist the activities and educational purposes of the University by providing finance and investment-related assistance in connection with the acquisition or construction of capital or other University projects, including but not limited to, the structuring of debt relating thereto.

Health Science Center Affiliates. The Florida Atlantic University Clinical Practice Organization, Inc. is closely affiliated with the University's Charles Schmidt College of Medicine, the Christine E. Lynn College of Nursing, and other participating colleges or units within the University. The Florida Atlantic University Clinical Practice Organization, Inc. was incorporated on May 3, 2011, as a not-for-profit organization under Chapter 617, Florida Statutes. It was established to promote and support medical education, patient care, research, and the administration and distribution of funds exclusively for support of the mission and objectives of the University in accordance with the University's College of Medicine Faculty Practice Plan and other faculty practice plans, adopted by the University, pursuant to Board of Governors Regulation 9.017.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's blended and discretely presented component units use the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Florida Atlantic University Research Corporation, Inc.; the Florida Atlantic University Finance Corporation; and the Florida Atlantic University Clinical Practice Organization, Inc. follow GASB standards of accounting and financial reporting. The Florida Atlantic University Foundation, Inc. and the Harbor Branch Oceanographic Institution Foundation, Inc. follow FASB standards of accounting and financial reporting for not-for-profit organizations.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income, and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Two of the University's component units, Florida Atlantic University Research Corporation, Inc. and Florida Atlantic University Finance Corporation reported cash, cash equivalents, and cash with fiscal agent at fair value of $44,918,669 at June 30, 2015, invested in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's and had an effective duration of 2.67 years and a fair value factor of 1.0013 at June 30, 2015. The component units rely on policies developed by the State Treasury for managing interest risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Capital Assets. University capital assets consist of land; construction in progress; buildings, infrastructure and other improvements; furniture and equipment; library resources; property under capital leases and leasehold improvements; works of art and historical treasures; and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $5,000 for tangible personal property, new buildings, and building improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 50 years
- Infrastructure and Other Improvements – 10 to 50 years

- Furniture and Equipment – 3 to 20 years
- Library Resources – 7 to 10 years
- Property under Capital Lease – 7 to 18 years or the term of the lease, whichever is greater
- Leasehold Improvements – 36 to 50 years
- Works of Art and Historical Treasures – 15 to 50 years
- Computer Software – 3 to 15 years

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, capital leases payable, unearned lease revenue; Federal advance payable, compensated absences payable, other postemployment benefits payable, and net pension liability that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit pension plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Reporting Change

The University implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The University participates in the FRS defined benefit pension plan and the HIS defined benefit pension plan administered by Florida Department of Management Services, Division of Retirement. The effects of implementing this Statement are discussed in a subsequent note.

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by $48,599,176 due to the adoption of a new GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires the University to recognize its proportionate share of the net pension liabilities and related pension amounts of the cost-sharing multiple-employer FRS and HIS defined benefit pension plans.

4. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pool

The University reported investments at fair value totaling $212,953,219 at June 30, 2015, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.67 years, and fair value factor of 1.0013 at June 30, 2015. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments

The Self-Insurance Program, a blended component unit of the University, invested in equity mutual funds and bond mutual funds.

Investments at June 30, 2015 are as follows:

Self-Insurance Program's Investments

Investment Type	Cost	Unrealized Gains	Fair Value
Equity Mutual Funds	$ 378,240	$ (2,493)	$ 375,747
Bond Mutual Funds	2,107,432	356	2,107,788
Total Investments	$ 2,485,672	$ (2,137)	$ 2,483,535

Equity mutual fund investments consist of shares owned in Vanguard International Stock Index fund and Vanguard Total Stock Market Index fund. Bond mutual fund investments consist of shares owned in Vanguard Short-Term Bond Index fund and Vanguard Intermediate Term Bond Index Fund.

There were proceeds of $275,000 from sales of investments during 2015 and there were no proceeds from maturities of investments during 2015. Gross gains of $262 were realized on these sales in 2015.

The following risks apply to the Program's investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Program does not have any investments subject to interest rate risk disclosure as of June 30, 2015.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk (by the GASB) and do not require disclosure of credit quality. At June 30, 2015, the Program held bond mutual funds which have underlying investments with quality ratings by nationally recognized rating agencies as shown below:

Self-Insurance Program's Investments Quality Ratings

Investment Type	Fair Value	AAA/Aaa	AA/Aa	A/Ba	Less Than A/Ba or Not Rated
Bond Mutual Funds	$ 2,107,788	$ -	$ 1,933,718	$ 174,070	$ -

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the Program and are not registered in the Program's name. The Program has not identified any investments falling into this category as of June 30, 2015.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Program's investments in a single issuer. The Program places no limit on the amount it may invest in one issuer. Investments that consist of more than 5 percent of the Program's investments at June 30, 2015, are shown below:

Self-Insurance Program's Concentration of Credit Risk

Investment Type	Fair Value	Percent of Program's Total Investments
Vanguard International Stock Index Fund	$ 126,532	5%
Vanguard Total Stock Market Index Fund	249,215	10%
Vanguard Short-Term Bond Index Fund	1,933,718	78%
Vanguard Intermediate-Term Bond Index Fund	174,070	7%
Total Investments	$ 2,483,535	100%

The Program's formal investment policy in place does not specifically address any of the types of risks identified above.

The significant components of net investment income for the year ended June 30, 2015, are summarized as follows:

Self-Insurance Program's Net Investment Income

	2015	2014
Investment Income	$ 15,373	$ 4,295
Net realized gains on sales of investments	262	-
Net decrease in fair value of investment	(2,136)	-
Total Investments	$ 13,499	$ 4,295

The Program incurred investment expenses of approximately $1,953 for 2015, included in operating expenses in the combining statement of revenues, expenses, and changes in net position.

The calculation of realized gains (losses) is independent of the calculation of the net increase (decrease) in fair value of investments. Realized gains (losses) on investments held for more than 1 fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior years and the current year.

Component Units Investments

Investments reported by the University's component units at June 30, 2015, are those held by Florida Atlantic University Foundation, Inc. and the Harbor Branch Oceanographic Institution Foundation, Inc. are reported at fair market value as follows:

Investment Type	Amount
United States Stocks and Bonds	$ 61,611,987
International Stocks and Bonds	42,129,115
Fixed Income Securities	39,828,303
Hedge Funds	34,895,142
Other Investments	97,129,414
Subtotal	275,593,961
Funds Held in Trust by Others	3,227,836
Total Investments	$ 278,821,797

5. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2015, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 16,749,077
Contracts and Grants	6,734,441
Other	565,590
Total Accounts Receivable	$ 24,049,108

Loans and Notes Receivable. Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of $10,328,071 and $539,832, respectively, at June 30, 2015.

No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

6. Due From State

The amount due from State consists of $10,342,370 of Public Education Capital Outlay (PECO) allocations due from the State to the University for construction of University facilities.

7. Due From and to Component Units/University

The $1,232,581 reported as due from component units consists of amounts owed to the University by the Florida Atlantic University Foundation, Inc. (Foundation) to reimburse funds expended out of departmental Foundation accounts; by the Florida Atlantic University Finance Corporation (Finance Corporation) for the reimbursement of costs associated with student housing operations; and by the Florida Atlantic University Clinical Practice Organization (CPO) for the reimbursement of costs associated with the CPO. The $3,166,219 reported as due to component units consists of amounts owed by the University to the Foundation pursuant to an agreement to support the Foundation's operations, the Finance Corporation pursuant to a management agreement for student housing operations, and the CPO pursuant to an agreement to support the CPO's operations.

8. Inventories

Inventories have been categorized into the following two types:

- Departmental Inventories – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net position.
- Merchandise Inventory – Those inventories maintained that are available for resale to individuals and other University departments, and are not expensed at the time of purchase. These inventories are reported on the statement of net position, and are valued at cost using either the moving average method or the first-in, first-out method.

9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2015, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 11,203,803	$ -	$ 1,347,526	$ 9,856,277
Works of Art and Historical Treasures	4,343,820	-	-	4,343,820
Construction in Progress	1,884,865	5,022,564	2,481,278	4,426,151
Total Nondepreciable Capital Assets	$ 17,432,488	$ 5,022,564	$ 3,828,804	$ 18,626,248
Depreciable Capital Assets:				
Buildings	$ 838,203,582	$ 7,596,130	$ 11,712,125	$ 834,087,587
Infrastructure and Other Improvements	89,382,841	1,737,223	797,755	90,322,309
Furniture and Equipment	89,040,490	9,593,865	4,400,058	94,234,297
Library Resources	72,676,605	3,121,814	2,545,796	73,252,623
Property Under Capital Leases and Leasehold Improvements	44,858,412	848,583	-	45,706,995
Works of Art and Historical Treasures	966,003	127,960	-	1,093,963
Computer Software	1,821,087	96,727	90,714	1,827,100
Total Depreciable Capital Assets	1,136,949,020	23,122,302	19,546,448	1,140,524,874
Less, Accumulated Depreciation:				
Buildings	209,441,240	20,188,176	1,568,591	228,060,825
Infrastructure and Other Improvements	31,589,544	3,347,944	600,559	34,336,929
Furniture and Equipment	49,566,932	4,674,609	1,990,486	52,251,055
Library Resources	61,523,770	2,299,652	2,275,794	61,547,628
Property Under Capital Leases and				-
Leasehold Improvements	7,895,269	1,336,386	-	9,231,655
Works of Art and Historical Treasures	157,198	24,718	-	181,916
Computer Software	1,167,163	328,411	65,991	1,429,583
Total Accumulated Depreciation	361,341,116	32,199,896	6,501,421	387,039,591
Total Depreciable Capital Assets, Net	$ 775,607,904	$ (9,077,594)	$ 13,045,027	$ 753,485,283

10. Unearned Revenue

Unearned revenue at June 30, 2015, includes PECO appropriations for which the University had not yet received approval from the Florida Department of Education to spend the funds, student tuition and fees received prior to fiscal year-end related to subsequent accounting periods, and grant funds received but not yet expended as of June 30, 2015.

As of June 30, 2015, the University reported the following amounts as unearned revenue:

Description	Amount
Student Tuition and Fees	$ 12,135,308
Capital Appropriations	6,784,177
Contracts and Grants	4,824,352
Total Unearned Revenue	$ 23,743,837

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2015, include capital improvement debt payable, capital leases payable, unearned lease revenue, Federal advances payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2015, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 84,973,698	$ -	$ 4,226,666	$ 80,747,032	$ 4,386,666
Capital Leases Payable	8,851,952	815,442	706,242	8,961,152	723,344
Unearned Lease Revenue	10,266,667	-	400,000	9,866,667	400,000
Federal Advance Payable	1,833,748	-	1,656	1,832,092	-
Compensated Absences Payable	29,109,611	3,487,724	1,937,547	30,659,788	1,727,222
Other Postemployment Benefits Payable	37,593,000	8,336,000	1,032,000	44,897,000	-
Net Pension Liablitiy (1)	55,246,763	17,463,728	35,541,821	37,168,670	-
Total Long-Term Liabilities	$ 227,875,439	$ 30,102,894	$ 43,845,932	$ 214,132,401	$ 7,237,232

Note: (1) The beginning balance resulted from the implementation of GASB Statement No. 68.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2015:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2003 Student Housing	$ 35,285,000	$ 21,201,286	4.0 - 4.875	2033
2006A Student Housing	27,640,000	22,597,286	4.0 - 4.625	2036
2006B Student Housing	21,775,000	16,685,150	4.0 - 4.375	2030
Total Student Housing Debt	84,700,000	60,483,722		
Parking Garage Debt:				
2013A Parking Facility	21,490,000	20,263,310	2.375 - 5.0	2032
Total Capital Improvement Debt	$ 106,190,000	$ 80,747,032		

Note: (1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and various student fee assessments to repay $80,747,032 in capital improvement (housing, parking, etc.) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student parking garages and student housing facilities. The bonds are payable solely from housing rental income, traffic and parking fees, and special student fee assessments and are payable through 2036. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and special student fee assessments, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $114,493,641, and principal and interest paid for the current year totaled $7,839,779. During the 2014-15 fiscal year, housing rental income, traffic and parking fees, and special student fee assessments, and other fines totaled $8,323,423, $2,890,764, $2,722,626, and $1,061,611, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 4,385,000	$ 3,459,029	$ 7,844,029
2017	4,555,000	3,295,441	7,850,441
2018	4,740,000	3,108,491	7,848,491
2019	4,930,000	2,911,373	7,841,373
2020	5,170,000	2,688,697	7,858,697
2021-2025	20,990,000	10,293,640	31,283,640
2026-2030	21,740,000	6,064,419	27,804,419
2031-2035	12,595,000	1,849,669	14,444,669
2036	1,640,000	75,850	1,715,850
Subtotal	80,745,000	33,746,609	114,491,609
Net Discounts and Premiums	2,032	-	2,032
Total	$ 80,747,032	$ 33,746,609	$ 114,493,641

<u>Bonds Payable – Component Unit</u>. The Florida Atlantic University Finance Corporation had the following bonds payable outstanding at June 30, 2015:

Bonds Payable	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2010A, Tax Exempt	$ 8,475,000	$ 6,204,894	4.0 - 5.0	2016
2010A, Taxable BAB Bonds	112,455,000	112,455,000	5.48 - 7.64	2040
Series 2010, Taxable Bonds	44,500,000	42,615,000	5.78	2040
2012B, Capital Improvement Revenue Bond	3,440,000	3,035,000	2.17	2025
2012A, Taxable Capital Improvement Revenue Bonds	46,205,000	45,350,000	3.0 - 5.0	2042
Total Bonds Payable	$ 215,075,000	$ 209,659,894		

Note: (1) Amount outstanding includes unamortized premiums.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 4,530,000	$ 12,819,771	$ 17,349,771
2017	4,795,000	12,596,182	17,391,182
2018	5,000,000	12,346,110	17,346,110
2019	5,180,000	12,085,352	17,265,352
2020	5,375,000	11,801,721	17,176,721
2021-2025	30,245,000	54,079,855	84,324,855
2026-2030	35,870,000	44,007,983	79,877,983
2031-2035	44,215,000	31,222,512	75,437,512
2036-2040	55,275,000	14,942,817	70,217,817
2041-2043	17,940,000	907,311	18,847,311
Subtotal	208,425,000	206,809,614	415,234,614
Unamoritized Premiums	1,234,894	-	1,234,894
Total	$ 209,659,894	$ 206,809,614	$ 416,469,508

Capital Leases Payable. During the 2011-12 fiscal year, the University entered into capital lease agreements for energy equipment in the amount of $1,082,030 with a stated interest rate of 3.28 percent and computer equipment in the amount of $453,176 with a stated interest rate of 1.96 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Amount
2016	$ 248,895
2017	177,710
2018	153,982
2019	153,982
2020	141,150
Total Minimum Payments	875,719
Less, Amount Representing Interest	60,567
Present Value of Minimum Payments	$ 815,152

The University entered into a capital lease agreement in connection with the Certificates of Participation issued by Florida Atlantic University Foundation, Inc. to build dormitory buildings on the John D. MacArthur Campus in Jupiter, Florida. The University, in exchange for use of the buildings, makes lease payments sufficient to cover all amounts due under the Certificates of Participation. At June 30, 2015, the amount reported by the University as capital leases payable include $8,146,000, representing the total future payments remaining under the Certificates of Participation less restricted cash on deposit with the trustee.

Certificates of Participation – Component Unit. The Florida Atlantic University Foundation, Inc. refunded its 1999 and 2000 Certificates of Participation through the issuance of Series 2012 Certificates of Participation for $9,540,000. These funds were used to build dormitory buildings on the John D. MacArthur Campus in Jupiter, Florida. The stated interest rate on the 2012 certificates is 2.41 percent. At June 30, 2015, Certificates of Participation payable are as follows:

COP Series	Amount of Issues	Total Retired	Outstanding Principal	Outstanding Interest	Interest Rate	Maturity Date
2012	$9,540,000	$1,351,000	$8,189,000	$1,570,200	2.41	2030

The Foundation entered into agreements with the University, whereby the University was allowed use of the buildings in exchange for the University paying all amounts due under the Certificate.

Unearned Lease Revenue. The University leased land to the Florida Atlantic University Finance Corporation (Finance Corporation) under a noncancelable agreement dated March 4, 2010, with terms extending through July 2040. The lease was prepaid in March 2010 by the Finance Corporation to the University for the sum of $12,000,000, which is being amortized over the life of the agreement. The unearned lease revenue amount held by the University totaled $9,866,667 at June 30, 2015, of which $400,000 was reported as current.

Federal Advance Payable. The Federal Advance Payable represents the University's liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan program. This amount will ultimately be returned to the Federal Government should the University cease making Federal Perkins Loans or has excess cash in the loan program.

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2015, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $30,659,788. The current portion of the compensated absences liability, $1,727,222, is the amount expected to be paid in the coming fiscal year, and represents a 3-year historical percentage of leave payouts applied to the 3-year average accrued leave liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The State has not advance-funded other postemployment benefit (OPEB) costs or the net OPEB obligation. Premiums necessary for funding the Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. For the 2014-15 fiscal year, 355 retirees received postemployment healthcare benefits. The University provided required contributions of $1,032,000 toward the annual OPEB cost, composed of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled $ 2,557,000, which represents 1.4 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 4,618,000
Amortization of Unfunded Actuarial Accrued Liability	3,204,000
Interest on Normal Cost and Amortization	313,000
Annual Required Contribution	8,135,000
Interest on Net OPEB Obligation	1,504,000
Adjustment to Annual Required Contribution	(1,303,000)
Annual OPEB Cost (Expense)	8,336,000
Contribution Toward the OPEB Cost	(1,032,000)
Increase in Net OPEB Obligation	7,304,000
Net OPEB Obligation, Beginning of Year	37,593,000
Net OPEB Obligation, End of Year	$ 44,897,000

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2015, and for the 2 preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	$ 9,554,000	17.6%	$ 29,486,000
2013-14	9,247,000	12.3%	37,593,000
2014-15	8,336,000	12.4%	44,897,000

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $105,330,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $105,330,000, and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $185,544,114 for the 2014-15 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 56.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2013, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2015, and the University's 2014-15 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 7.21 percent, 7.89 percent, and 7.59 percent for the first 3 years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 6.95 percent, 7.64 percent, and 7.75 percent for the first 3 years, respectively, for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 5 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 22 years.

Net Pension Liability. As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2015, the University's proportionate share of the net pension liabilities totaled $37,168,670.

12. Retirement Plans – Defined Benefit Pension Plans

The University follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employers' proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees in the State university system.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The University's pension expense totaled $4,648,023 for the 2014-15 fiscal year for both the FRS Pension Plan and the HIS Pension Plan.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-15 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	7.37
FRS, Special Risk	3.00	19.82
Deferred Retirement Option Program - Applicable to Members from Both of the Above Classes	0.00	12.28
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class or plan in which reemployed.

The University's contributions to the Plan totaled $6,993,485 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the University reported a liability of $16,397,183 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the University's proportionate share was 0.268741487 percent, which was an increase of 0.063712774 from its proportionate share measured as of June 30, 2013.

For the year ended June 30, 2015, the University recognized pension expense of $3,290,522. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,014,707
Change of assumptions	2,839,719	-
Net difference between projected and actual earnings on pension plan investments	-	27,353,222
Changes in proportion and differences between University contributions and proportionate share of contributions	9,226,883	-
University contributions subsequent to the measurement date	6,993,485	-
Total	$ 19,060,087	$ 28,367,929

The deferred outflows of resources related to pensions totaling $6,993,485, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ (4,753,042)
2017	(4,753,042)
2018	(4,753,043)
2019	(4,753,042)
2020	2,085,263
Thereafter	625,579
Total	$ (16,301,327)

Actuarial Assumptions. The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment Rate of Return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed inflation - Mean		2.60%		2.00%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
University's proportionate share of the net pension liability	$ 70,132,929	$ 16,397,183	$ (28,300,705)

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2015, the University reported a payable of $493,742 for the outstanding amount of contributions in the Plan required for the fiscal year ended June 30, 2015.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $857,452 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the University reported a liability of $20,771,487 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the University's proportionate share was 0.222149140 percent, which was a decrease of 0.007020108 from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the University recognized pension expense of $1,357,501. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Change of assumptions	$ 739,132	$ -
Net difference between projected and actual earnings on HIS pension plan investments	9,971	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	-	526,305
University contributions subsequent to the measurement date	857,452	-
Total	$ 1,606,555	$ 526,305

The deferred outflows of resources totaling $857,452 was related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ 36,820
2017	36,820
2018	36,820
2019	36,820
2020	34,326
Thereafter	41,192
Total	$ 222,798

Actuarial Assumptions. The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	4.29 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

While an experience study had not been completed for the plan, the Florida Retirement System Actuarial Assumptions Conference reviewed the actuarial assumptions for the HIS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 4.29 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
University's proportionate share of the net pension liability	$ 23,625,884	$ 20,771,487	$ 18,388,882

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Comprehensive Annual Financial Report.

13. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Special Risk Regular Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled $1,121,625 for the fiscal year ended June 30, 2015.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 2.54 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $8,872,579 and employee contributions totaled $6,339,965 for the 2014-15 fiscal year.

14. Construction Commitments

The University's construction commitments at June 30, 2015, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
College of Medicine Office Building:			
A/E Contract	$ 334,420	$ 254,367	$ 80,053
Construction Contract	3,699,174	429,586	3,269,588
Parking Lot #7 Renovations:			
A/E Contract	64,659	63,498	1,161
Construction Contract	2,187,038	2,187,038	-
Breezeway Renovations:			
A/E Contract	29,220	10,950	18,270
Construction Contract	294,500	106,386	188,114
Subtotal	6,609,011	3,051,825	3,557,186
Other Projects (1)	1,374,326	1,374,326	-
Total	$ 7,983,337	$ 4,426,151	$ 3,557,186

Note: (1) Individual projects with current balance committed of less than $2 million at June 30, 2015.

15. Operating Lease Commitments

The University leased the Biomed Research and Development Park under an operating lease, which expires in 2020. The University also leased land on which a University building is located, which will expire in 2086. In addition, the University leased various vehicles under operating leases, which expire in 2016 and 2017. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2016	$ 253,634
2017	223,865
2018	180,438
2019	182,049
2020	146,223
2021-2025	142,278
2026-2030	142,278
2031-2035	142,278
2036-2040	142,278
2041-2045	142,278
2046-2050	142,278
2051-2055	142,278
2056-2060	142,278
2061-2065	142,278
2066-2070	142,278
2071-2075	142,278
2076-2080	142,278
2081-2085	142,278
2086	28,456
Total Minimum Payments Required	$ 2,864,279

16. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2014-15 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $54 million for named windstorm and flood losses. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person, and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

University Self-Insurance Program.

The Florida Atlantic University College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on June 23, 2011. The Program provides professional and general liability protection for the Florida Atlantic University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff, and resident physicians. Liability protection is afforded to the students at the colleges. The Program provides legislative claims bill protection.

The Program provides the Board of Trustees with protection of $200,000 per claim and $300,000 for all claims arising from a single occurrence; $100,000 per claim and $200,000 for all claims arising for the acts and omissions of students of the colleges protected by the Program engaged in assigned activities at affiliated hospitals or other healthcare affiliates, and student coverage of $1 million limit per occurrence; $250,000 per occurrence in the event that the personal immunity to tort claims as described in Section 768.28(9), Florida Statutes, is inapplicable as to an employee or agent of the Board of Trustees which such employee or agent functions within the course and scope of his or her employment or agency; and $250,000 for employees who act as a Good Samaritan or are engaged in approved Community Service. Under this claims-incurred policy written directly with the Program participants, protection is provided against claims that arise from incidents occurring during the term of the policies irrespective of the time the claim is asserted.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. The following schedule represents the changes in claims liability for the past 2 fiscal years for the University's self-insured program.

Fiscal Year Ended	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payment	Claims Liability End of Year
June 30, 2014	$ 10,200	$ 220,950	$ (2,299)	$ 228,851
June 30, 2015	228,851	(24,248)	(116,343)	(88,260)

17. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	$ 157,575,183
Research	19,985,342
Public Services	4,419,706
Academic Support	57,244,479
Student Services	17,039,555
Institutional Support	48,403,977
Operation and Maintenance of Plant	24,324,262
Scholarships, Fellowships, and Waivers	32,088,100
Depreciation	32,199,896
Auxiliary Enterprises	89,550,939
Total Operating Expenses	$ 482,831,439

18. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities. The following financial information for the University's Housing and Parking Services represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility	Parking Facility
Assets		
Current Assets	$ 12,305,527	$ 12,970,938
Capital Assets, Net	80,336,675	30,343,162
Total Assets	92,642,202	43,314,100
Liabilities		
Current Liabilities	815,865	246,046
Noncurrent Liabilities	67,814,281	20,263,310
Total Liabilities	68,630,146	20,509,356
Net Position		
Net Investment in Capital Assets	12,522,394	10,079,852
Unrestricted	11,489,662	12,724,892
Total Net Position	$ 24,012,056	$ 22,804,744

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Housing Facility	Parking Facility
Operating Revenues	$ 8,323,423	$ 6,675,001
Depreciation Expense	(2,586,019)	(858,209)
Other Operating Expenses	(620,615)	(4,102,666)
Operating Income	5,116,789	1,714,126
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	52,287	486,794
Interest Expense	(3,160,845)	(672,574)
Other Nonoperating Expense	(869,519)	(440,879)
Net Nonoperating Expenses	(3,978,077)	(626,659)
Increase in Net Position	1,138,712	1,087,467
Net Position, Beginning of Year	22,873,344	21,717,277
Net Position, End of Year	$ 24,012,056	$ 22,804,744

Condensed Statement of Cash Flows

	Housing Facility	Parking Facility
Net Cash Provided (Used) by:		
Operating Activities	$ 7,130,605	$ 2,529,851
Noncapital Financing Activities	(750,373)	(193,557)
Capital and Related Financing Activities	(6,652,719)	(3,041,184)
Investing Activities	974,470	704,890
Net Increase in Cash and Cash Equivalents	701,983	-
Cash and Cash Equivalents, Beginning of Year	3,309,469	600
Cash and Cash Equivalents, End of Year	$ 4,011,452	$ 600

19. Blended Component Unit

The University has one blended component unit as discussed in Note 1. The following financial information is presented for the University's blended component unit:

Condensed Statement of Net Position

	Blended Component Unit Florida Atlantic University College of Medicine Self-Insurance Program	University	Total Primary Government
Assets:			
Current Assets	$ 3,179,885	$ 259,384,458	$ 262,564,343
Capital Assets, Net	-	772,111,531	772,111,531
Other Noncurrent Assets	-	3,615,221	3,615,221
Total Assets	3,179,885	1,035,111,210	1,038,291,095
Deferred Outflows of Resources	-	20,666,642	20,666,642
Liabilities:			
Current Liabilities	91,260	47,474,585	47,565,845
Noncurrent Liabilities	-	206,895,169	206,895,169
Total Liabilities	91,260	254,369,754	254,461,014
Deferred Inflows of Resources	-	28,894,234	28,894,234
Net Position:			
Net Investment in Capital Assets		671,596,936	671,596,936
Restricted - Expendable		17,981,605	17,981,605
Unrestricted	3,088,625	82,935,324	86,023,949
Total Net Position	$ 3,088,625	$ 772,513,865	$ 775,602,490

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Blended Component Unit: Florida Atlantic University College of Medicine Self-Insurance Program	University	Total Primary Government
Operating Revenues	$ 187,587	$ 252,149,340	$ 252,336,927
Depreciation Expense		(32,199,896)	(32,199,896)
Other Operating Expenses	(74,060)	(450,557,483)	(450,631,543)
Operating Income (Loss)	113,527	(230,608,039)	(230,494,512)
Nonoperating Revenues (Expenses):			
Nonoperating Revenue	-	231,912,610	231,912,610
Interest Expense	-	(3,866,272)	(3,866,272)
Other Nonoperating Expense	-	(13,714,975)	(13,714,975)
Net Nonoperating Revenues	-	214,331,363	214,331,363
Other Revenues, Expenses, Gains, and Losses	1,000,000	6,419,167	7,419,167
Increase (Decrease) in Net Position	1,113,527	(9,857,509)	(8,743,982)
Net Position, Beginning of Year	1,975,098	830,970,550	832,945,648
Adjustment to Beginning Net Position (1)	-	(48,599,176)	(48,599,176)
Net Position, Beginning of Year, as Restated	1,975,098	782,371,374	784,346,472
Net Position, End of Year	$ 3,088,625	$ 772,513,865	$ 775,602,490

Note: (1) Adjustment to beginning net position due to the implementation of GASB Statement No. 68, which is a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

Condensed Statement of Cash Flows

	Blended Component Unit: Florida Atlantic University College of Medicine Self-Insurance Program	University	Total Primary Government
Net Cash Provided (Used) by:			
Operating Activities	$ (25,190)	$ (198,284,110)	$ (198,309,300)
Noncapital Financing Activities		229,892,921	229,892,921
Capital and Related Financing Activities	1,000,000	(28,894,002)	(27,894,002)
Investing Activities	(2,485,409)	(3,564,079)	(6,049,488)
Net Decrease in Cash and Cash Equivalents	(1,510,599)	(849,270)	(2,359,869)
Cash and Cash Equivalents, Beginning of Year	2,206,949	7,634,730	9,841,679
Cash and Cash Equivalents, End of Year	$ 696,350	$ 6,785,460	$ 7,481,810

20. Discretely Presented Component Units

The University has five discretely presented component units as discussed in Note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

Condensed Statement of Net Position

	Direct-Support Organizations				Health Science Center Affiliates	
	Florida Atlantic University Foundation, Inc.	Florida Atlantic University Research Corporation, Inc.	Harbor Branch Oceanographic Institution Foundation, Inc.	Florida Atlantic University Finance Corporation	Florida Atlantic University Clinical Practice Organization, Inc.	Total
Assets:						
Current Assets	$ 94,845,666	$ 516,972	$ 66,234,640	$ 32,581,761	$ 583,924	$ 194,762,963
Capital Assets, Net	9,148,444	-	2,602,198	131,549,978	-	143,300,620
Other Noncurrent Assets	168,456,836	-	-	28,823,947	-	197,280,783
Total Assets	272,450,946	516,972	68,836,838	192,955,686	583,924	535,344,366
Liabilities:						
Current Liabilities	3,274,885	73,208	155,260	15,565,987	50,320	19,119,660
Noncurrent Liabilities	8,112,505	-	-	205,129,894	-	213,242,399
Total Liabilities	11,387,390	73,208	155,260	220,695,881	50,320	232,362,059
Net Position:						
Net Investment in Capital Assets	9,148,444	-	2,602,198	(33,666,940)	-	(21,916,298)
Restricted Nonexpendable	147,766,326	-	-		-	147,766,326
Restricted Expendable	93,668,425	-	66,134,756	21,985,890	-	181,789,071
Unrestricted	10,480,361	443,764	(55,376)	(16,059,145)	533,604	(4,656,792)
Total Net Position	$ 261,063,556	$ 443,764	$ 68,681,578	$ (27,740,195)	$ 533,604	$ 302,982,307

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Direct-Support Organizations				Health Science Center Affiliates	
	Florida Atlantic University Foundation, Inc.	Florida Atlantic University Research Corporation, Inc.	Harbor Branch Oceanographic Institution Foundation, Inc.	Florida Atlantic University Finance Corporation	Florida Atlantic University Clinical Practice Organization, Inc.	Total
Operating Revenues	$ 12,378,455	$ 231,549	$ 2,977,426	$ 24,909,837	$ 803,445	$ 41,300,712
Depreciation Expense	(4,816)	-	(2,574)	(5,325,686)	-	(5,333,076)
Operating Expenses	(17,619,031)	(217,252)	(6,003,468)	(12,841,462)	(682,002)	(37,363,215)
Operating Income (Loss)	(5,245,392)	14,297	(3,028,616)	6,742,689	121,443	(1,395,579)
Net Nonoperating Revenues (Expenses)						
Nonoperating Revenues	4,382,768	7,068	1,729,559	5,776,729	-	11,896,124
Interest Expense	(207,115)	-	-	(12,929,553)	-	(13,136,668)
Other Nonoperating Expenses	(1,282,142)	-	-	-	-	(1,282,142)
Net Nonoperating Revenues (Expenses)	2,893,511	7,068	1,729,559	(7,152,824)	-	(2,522,686)
Other Revenues, Expenses, Gains, and Losses	15,132,884	-	-	232,839	-	15,365,723
Increase (Decrease) in Net Position	12,781,003	21,365	(1,299,057)	(177,296)	121,443	11,447,458
Net Position, Beginning of Year	248,282,553	422,399	69,980,635	(27,562,899)	412,161	291,534,849
Net Position, End of Year	$ 261,063,556	$ 443,764	$ 68,681,578	$ (27,740,195)	$ 533,604	$ 302,982,307

Schedule of Funding Progress – Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	$ -	$ 72,617,000	$ 72,617,000	0%	$ 157,000,000	46.3%
7/1/2011	-	105,618,000	105,618,000	0%	167,000,000	63.2%
7/1/2013	-	105,330,000	105,330,000	0%	175,000,000	60.2%

Note: (1) The entry-age cost actuarial method was used to calculate the actuarial accrued liability.

Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2014 (1)	**2013** (1)
University's proportion of the FRS net pension liability	0.268741487%	0.205028713%
University's proportionate share of the FRS net pension liability	$ 16,397,183	$35,294,567
University's covered-employee payroll (2)	$ 171,154,757	$161,228,170
University's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	9.58%	21.89%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.09%	88.54%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	2015 (1)	2014 (1)
Contractually required FRS contribution	$6,933,485	$ 5,886,579
FRS contributions in relation to the contractually required contribution	(6,993,485)	(5,886,579)
FRS contribution deficiency (excess)	$ -	$ -
University's covered-employee payroll (2)	$172,516,889	$ 171,154,757
FRS contributions as a percentage of covered-employee payroll	4.05%	3.44%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2014 (1)	2013 (1)
University's proportion of the HIS net pension liability	0.222149140%	0.229169248%
University's proportionate share of the HIS net pension liability	$ 20,771,487	$19,952,196
University's covered-employee payroll (2)	$ 65,674,496	$66,275,325
University's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	31.63%	30.11%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.99%	1.78%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2015 (1)	2014 (1)
Contractually required HIS contribution	$ 857,452	$ 761,008
HIS contributions in relation to the contractually required HIS contribution	(857,452)	(761,008)
HIS contribution deficiency (excess)	$ -	$ -
University's covered-employee payroll (2)	$ 67,036,627	$ 65,674,496
HIS contributions as a percentage of covered-employee payroll	1.28%	1.16%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

1. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of assumptions. As of June 30, 2014, the inflation rate assumption was decreased from 3.00 percent to 2.60 percent, the real payroll growth assumption was decreased from 1.00 percent to 0.65 percent, and the overall payroll growth rate assumption was decreased from 4.00 percent to 3.25 percent. The long-term expected rate of return decreased from 7.75 percent to 7.65 percent.

2. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of assumptions. The municipal rate used to determine total pension liability decreased from 4.63 percent to 4.29 percent.

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Atlantic University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 28, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to University management in our operational audit report No. 2016-134.

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 28, 2016

FAU™

FLORIDA ATLANTIC UNIVERSITY

Housing System

Financial Statements

June 30, 2016

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2016

Our analysis of Florida Atlantic University's Department of Housing and Residential Life's (Housing) financial performance provides an overview of the financial activities for the fiscal year ending June 30, 2016. Please read this in conjunction with Housing's financial statements.

The statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets reports Housing's net assets and changes in net assets, respectively. Over time, increases or decreases in Housing's net assets are one indicator of whether its financial health is improving or deteriorating. Based on the representative financials, Housing Management believes that the financial position of Housing remains healthy. The University's Housing management team has insured its financial strength through strategic and comprehensive planning for the future.

Housing's total operating revenues increased $1,830,610 or 12.4% from approximately $14.8 million for the fiscal year ended June 30, 2015 to $16.6 million for the fiscal year ended June 30, 2016. The increase in total operating revenue is primarily due to occupancy increase year over year from 88% to 96% or approximately $1.4 million. The components of operating revenue which reported revenue gains year over year included housing fees which increased $1,781,602 or 12.6%, applications revenue which increased $30,706 or 10.7%, and rental income which increased $49,388 or 16.9% The only component of total operating revenue that declined from FY15 to FY16 was repairs and maintenance revenue which decreased $31,086 or 48.9%. This decrease is attributable to fewer claims and smaller incidents reported year over year.

Total operating expenses increased $888,633 or 9.2% from approximately $9.6 million for the fiscal year ended June 30, 2015 to $10.5 million for the fiscal year ended June 30, 2016. Due to restructuring of operations and inventory in FY15, the efficiency and productivity gains began to pay dividends, as our operating margin has increased from 34.8% to 36.7%. This margin would have been higher if we had not invested significantly in our repair and replacement plan to upgrade facilities. As result, contractual services, increased from $456,000 in Fiscal Year 2014-15 to $1.5 million in Fiscal Year 2015-2016. We invest heavily in our capital replacement plans when we experienced significant positive operating margins.

For a second year in a row, Housing management implemented aggressive strategies to boost occupancy by providing new housing amenities, increasing marketing to both parents and new/returning/transfer students, strengthening participation in new student orientation, increasing social media presence, and building a more comprehensive and cohesive new student on-boarding process (admissions, financial aid, registrar orientation, academic advising, and housing). Additionally, Fall 2015 was the second-time Housing management launched its re-contracting for the following fiscal year. As a result of these strategies, the university realized 99% occupancy for Fall 2016, versus 96% in Fall 2015.

The Management team of University Housing are confident that the continued demand, especially on the Boca Raton campus, along with competitive rates, strong occupancy management, and prudent monitoring of expenditures will generate adequate cash flow to meet the annual debt service requirement of the overall system.

This Management Discussion and Analysis related to the financial information is designed to provide a general overview of Housing's financial condition. If you have questions about this report or need additional financial information, please contact Ms. Jessica Cohen CPA, Assistant Vice President for Financial Affairs & University Controller, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida (561) 297-1424.

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

ASSETS:		
Current Assets		
Cash	$	6,129,019
Investments		4,547,211
Accounts Receivable (net)		501,338
Due from University		796,031
Total Current Assets		**11,973,599**
Noncurrent Assets		
Buildings & building improvements		98,707,110
Infrastructure and other improvements		1,250,886
Furniture and equipment		1,036,038
Computer software		76,646
Construction Work In Progress		314,405
Accumulated depreciation		(26,635,544)
Total Noncurrent Assets		**74,749,541**
TOTAL ASSETS		**86,723,140**
LIABILITIES		
Current Liabilities		
Accounts Payable		460,561
Due to Other Departments		213,611
Unearned Revenue		77,890
Total Current Liabilities		**752,062**
Noncurrent Liabilities:		
Capital improvement debt payable net		57,544,310
Total Noncurrent Liablities		**57,544,310**
TOTAL LIABILITIES		**58,296,372**
Net Position:		
Invested in capital assets, net of related debt		17,205,231
Unrestricted		11,221,537
Total Net Position		**28,426,768**
Total Liabilities and Net Position	**$**	**86,723,140**

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES		
Operating Revenues		
Housing Fees	$	15,914,581
Applications Revenue		316,500
Rental Income		342,408
Repairs and Maintenance Rev		32,436
Total Operating Revenues		**16,605,925**
EXPENSES		
Operating Expenses:		
Salaries and Benefits		2,650,930
Contractual Services		1,491,917
Telecommunication		479,813
Freight & Postage		1,332
Printing		24,171
Repairs and Maintenance		1,324,109
Travel		36,630
Utilities		1,285,321
Materials & Supplies		503,445
Insurance		19,705
Rental Expense		19,212
Other Expenses		299,517
Depreciation Expense		2,379,438
Total Operating Expenses		**10,515,540**
OPERATING INCOME /(LOSS)		**6,090,385**
Nonoperating Revenues (Expenses)		
Interest Income		58,831
Debt Service- Interest & Related Expenses		(2,832,530)
Other Non-Operating Expenses		(37,896)
Net Nonoperating Revenues (Expenses)		**(2,811,595)**
INCOME BEFORE TRANSFERS		**3,278,790**
Contribution and Transfers In/(Out)		
Administrative Overhead		(293,259)
Transfers- Other		(2,515,693)
Total Contribution and Transfers In/(Out)		**(2,808,952)**
Change in Net Position		**469,838**
Net Position, Beginning of Year		27,956,930
NET POSITION, END OF YEAR	**$**	**28,426,768**

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities:		
Receipt from customers	$	16,267,694
Other Operating Receipts		335,414
Payment to suppliers		(6,193,911)
Payment to Employees		(2,650,930)
Net Cash Provided From Operating Activities		**7,758,267**
Cash Flows From Noncapital Financing Activities		
Administrative overhead		(293,259)
Transfers- Other		(2,515,693)
Net Cash Flows From Noncapital Financing Activities		**(2,808,952)**
Cash Flows From Capital and Related Financing Activities:		
Interest paid on capital debt		(2,832,530)
Purchases of capital assets		(1,102,559)
Principal paid on capital debt		(3,020,000)
Net Cash Flows From Capital and Related Financing Activities		**(6,955,089)**
Cash Flows From Investing Activities:		
Net change in Investments		1,736,286
Interest and dividends		58,831
Net Cash Flows From Investing Activities		**1,795,117**
Net Change in Cash		(210,657)
Cash, Beginning of the year		6,339,676
Cash, End of Year	**$**	**6,129,019**
Reconciliation of Operating Cash Flows to Operating Income		
Cash Provided From Operating Activities:		
Operating income	$	6,090,385
Adjustments to Reconcile Income to		
Net Cash Provided by Operating Activities		
Depreciation expense		2,379,438
Bad Debt expense		43,924
Change in Assets and Liabilities:		
Accounts Receivables, net		36,613
Due from ComponentUnits/Primary Govt.		(310,756)
Accounts payable		(708,739)
Due to other departments		149,512
Unearned revenue		77,890
Net Cash Provided From Operations	**$**	**7,758,267**

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of Significant Accounting Policies

Reporting Entity. Florida Atlantic University is a separate public instrumentality that is part of a state university system of public universities which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of each university also are members. The Board of Governors establishes the powers and duties of the Trustees. The trustees are responsible for setting policies for the university, which provides governance in accordance with State law and Board of Governors' Regulations. The Board of trustees selects the University President. The university president serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Board of Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria the University is a component of the State of Florida and its financial balances and activities included in these financial statements are reported on the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with generally accepted accounting principles applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and

University Business Officers (NACUBO) also provide the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges and universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, include time requirements, are met. The University follows GASB standards of accounting and financial reporting. Auxiliary service departments account for interdepartmental transactions as reductions of expenditures and not revenues of those departments. The University's principal operating activities consist of instruction, research and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities plus administration, operation and maintenance of capital assets, and depreciation on capital assets. Nonoperating revenues are State noncapital appropriations, Federal and State student financial aid, investment income, and revenues for capital construction projects. Interest on asset-related debts is a non-operating expense.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Capital Assets. Capital Assets consist of buildings that are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed on the straight-line basis over the estimated useful life of the related assets.

2. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pool. The University reported investments at fair value totaling $230,726,758, at June 30, 2016, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard and Poor's and had an effective duration of 2.67 years and had a fair value factor of 1.0013 at June 30, 2016. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report. Of the University's investments reported above, Housing's investments in SPIA at fair value totaled $4,547,211.

3. Receivables

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Housing division. Accounts receivable over one year old are considered as doubtful accounts. Accounts receivable of $501,338 are reported net of allowances of $499,220 at June 30, 2016.

4. Long Term Liabilities

As of June 30, 2016, the Housing System's noncurrent liabilities reported as capital improvement debt payable on the Statement of Net Position amounted to $57,544,310.

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APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Board of Governors of the State of Florida (the "Board"), the Florida Atlantic University (the "University") and the Division of Bond Finance of the State Board of Administration of Florida (the "Division") in connection with the issuance of $53,040,000 State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A (the "Bonds"). This Disclosure Agreement is being executed and delivered pursuant to Section 5.03 of the resolution adopted by the Governor and Cabinet, as the Governing Board of the Division of Bond Finance, on September 20, 2016, authorizing the issuance of the Bonds. The Board, the University and the Division covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Board, the University, and the Division for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC"). It shall inure solely to the benefit of the Board, the University, the Division, the Registered Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the resolution of the Division of Bond Finance adopted on July 21, 1992, as amended on March 25, 2003, on April 15, 2008, and as amended and supplemented on September 20, 2016 (collectively, the "Resolution"), which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

SECTION 3. CONTINUING DISCLOSURE. (A) Information To Be Provided. The Board and the University assume all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Board and the University hereby agree to provide or cause to be provided the information set forth below, or such other information as may be required, from time to time, to be provided by the Rule or the Division. The Division will be responsible for the filing of the information required by the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2016 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

(a) Housing System Occupancy Statistics;
(b) Housing System Rental Rates;
(c) Housing System Collection Rates;
(d) Housing System Financial Statements
(Historical Summary of Operations and Statement of Net Assets);
(e) Debt Service Coverage;
(f) Comparison of Budget to Actual for Fiscal Year;
(g) Investment of Funds; and
(h) University Financial Statements; and
(i) Litigation.

(2) Audited Financial Statements. If not submitted as part of the annual financial information, a copy of the University's audited financial statements, prepared in accordance with generally accepted accounting principles, will be provided when and if available.

(3) Material Events Notices. Notice of the following events relating to the Bonds will be provided in a timely manner not in excess of ten business days after the occurrence of the event:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt-service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(1) defeasances;
(j) release, substitution or sale of property securing repayment of the securities, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the obligated person;
(m) the consummation of merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(4) Failure to Provide Annual Financial Information; Remedies.

(a) Notice of the failure of the Board or the University to provide the information required by paragraphs (A) (1) or (A)(2) of this Section will be provided in a timely manner.

(b) The Board and the University acknowledge that their undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Registered Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Registered Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Resolution and shall be limited to a right to obtain specific enforcement of the Board's and the University's obligations hereunder.

(B) Methods of Providing Information.

(1) (a) Annual financial information and operating data described in paragraph 3(A)(1) and the audited financial statements described in paragraph 3(A)(2) shall be transmitted to the Municipal Securities Rulemaking Board (hereafter "MSRB") using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Material event notices described in paragraph 3(A)(3) and notices described in paragraph 3(A)(4) shall also be transmitted to the MSRB using EMMA or by such other method as may be subsequently determined by the MSRB.

(2) (a) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated agent.

(b) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(C) If this Disclosure Agreement is amended to change the operating data or financial information to be disclosed, the annual financial information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) The Board's and the University's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Board and the University shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

(1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;

(2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

(3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(4) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Board or the University chooses to include additional information not specifically required by this Disclosure Agreement, neither the Board nor the University shall have any obligation to update such information or include it in any such future submission.

Dated this ______ day of _______________, 2017.

Board of Governors

By ________________________
Chairman

Division of Bond Finance

By ________________________
Assistant Secretary

Florida Atlantic University

By ________________________
President

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APPENDIX J

[FORM OF BOND COUNSEL OPINION]

January 24, 2017

Board of Governors
Tallahassee, Florida

Division of Bond Finance of the
State Board of Administration of Florida
Tallahassee, Florida

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of Governors (the "Board"), the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance"), the State Board of Administration of the State of Florida, applicable provisions of the Constitution and laws of the State of Florida, and other proofs submitted to us relative to the issuance and sale of:

$53,040,000
STATE OF FLORIDA
BOARD OF GOVERNORS
FLORIDA ATLANTIC UNIVERSITY
DORMITORY REVENUE REFUNDING BONDS, SERIES 2016A
Dated January 24, 2017
(the "2016A Bonds")

The 2016A Bonds are being issued by the Division of Bond Finance in the name of and on behalf of the Board for the purpose of refunding certain of the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003, the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A, the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B and paying certain costs associated with the issuance of the 2016A Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including particularly Sections 215.57-215.83, Florida Statutes, Section 1010.62, Florida Statutes and other applicable provisions of law. The principal of, premium, if any, and interest on the 2016A Bonds will be secured by and payable solely from a pledge of the Pledged Revenues (as defined in the hereinafter defined Resolution) on a parity with the Outstanding Parity Bonds and any Additional Parity Bonds hereafter issued (as defined in the hereinafter defined Resolution).

The 2016A Bonds do not constitute a general obligation of the State of Florida or any political subdivision thereof within the meaning of any constitutional, statutory or other limitation of indebtedness and the owners thereof shall never have the right to compel the exercise of any ad valorem taxing power or taxation in any form for the payment of the principal of or interest on the 2016A Bonds.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. That such proceedings and proofs show lawful authority for issuance and sale of the 2016A Bonds pursuant to the Constitution and statutes of the State of Florida and pursuant to resolutions authorizing the issuance and sale of the 2016A Bonds duly adopted by the Governing Board of the Division of Bond Finance on July 21, 1992, as amended on March 25, 2003, April 15, 2008 and as amended and supplemented on September 20, 2016 (collectively, the "Resolution").

2. The 2016A Bonds (i) have been duly authorized, executed and delivered by the Division of Bond Finance and the Board and (ii) are valid and binding special obligations of the Board enforceable in accordance with their terms, payable solely from the sources provided therefor in the Resolution.

3. The 2016A Bonds and the income thereon are not subject to any State tax except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

4. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the 2016A Bonds in order that interest on the 2016A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2016A Bonds to be included in federal gross income retroactive to the date of issuance of the 2016A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. The Division of Bond Finance and the Board have covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2016A Bonds.

Subject to compliance by the Division of Bond Finance and the Board with the aforementioned covenants, (a) interest on the 2016A Bonds is excluded from gross income for purposes of federal income taxation, and (b) interest on the 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2016A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. We express no opinion regarding other federal tax consequences caused by the ownership of or the receipt of interest on or the disposition of the 2016A Bonds.

It is to be understood that the rights of the owners of the 2016A Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not independently verified the accuracy or truthfulness thereof and the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

Our opinions expressed herein are predicated upon present law, facts and circumstances as of the date of issuance and delivery of the 2016A Bonds, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after such date.

As Bond Counsel, we have not been engaged nor have we, in such capacity, undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the 2016A Bonds and we express no opinion herein relating thereto.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DIVISION BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

Th Depository Trust Company ("DTC") New York, NY, will act as securities depository for the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A (the "2016A Bonds"). The 2016A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities and Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of the 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016A Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2016A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all 2016A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016A Bond documents. For example, Beneficial Owners of 2016A Bonds may wish to ascertain that the nominee holding the 2016A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2016A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Division as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, (nor its nominee), the Bond Registrar/Paying Agent, the Division, or the Florida Board of Governors (the "Board"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the 2016A Bonds at any time by giving reasonable notice to the Division or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division may decide to discontinue use of the system of book-entry transfers for the 2016A Bonds through DTC (or a successor securities depository). Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the 2016A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the 2016A Bonds.

For every transfer and exchange of beneficial interests in the 2016A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

So long as Cede & Co., as nominee of DTC, is the registered owner of the 2016A Bonds, references herein to the Registered Owners or Holders of the 2016A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2016A Bonds unless the context requires otherwise.

The Division, the Board and the Bond Registrar/Paying Agent will not have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the 2016A Bonds;

(ii) the delivery to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any notice with respect to any 2016A Bond, including, without limitation, any notice of redemption;

(iii) the payment to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on the 2016A Bonds, or the purchase price of, any 2016A Bond;

(iv) any consent given by DTC or any successor securities depository as registered owner; or

(v) the selection by DTC or any DTC Participant or by any successor depository or its participants of the beneficial ownership interests in the 2016A Bonds for partial redemption.

So long as the 2016A Bonds are held in book-entry only form, the Division, the Board and the Bond Registrar/Paying Agent may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the 2016A Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of, premium, if any, and interest on the 2016A Bonds;

(ii) giving notices of redemption and other matters with respect to the 2016A Bonds;

(iii) registering transfers with respect to the 2016A Bonds; and

(iv) the selection of the beneficial ownership interests in the 2016A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall only be applicable if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Division, the Board and the Bond Registrar/Paying Agent may treat the Registered Owner of any 2016A Bond as the absolute owner for all purposes, whether or not such 2016A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the 2016A Bonds will be payable upon presentation and surrender of the 2016A Bonds when due at the corporate trust office of U.S. Bank Trust National Association, New York, New York, as Bond Registrar/Paying Agent.

Each 2016A Bond will be transferable or exchangeable only upon the registration books by the Registered Owner or an attorney duly authorized in writing, upon surrender of such 2016A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division of Bond Finance and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or a duly authorized attorney. Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 2016A Bond, duly endorsed for transfer or accompanied by an assignment in accordance with the Resolution, the Bond Registrar/Paying Agent will deliver in the name of the transferee(s) a fully registered 2016A Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the 2016A Bonds. However, the Division 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 must be paid before any such new 2016A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2016A Bonds on the Record Date.

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