State of Florida Division of Bond Finance

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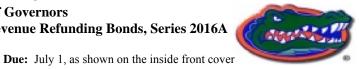
E-Mail: bond@sbafla.com Phone: (850) 488-4782 Fax: (850) 413-1315 Refunding Issue - Book-Entry Only

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.

\$19,390,000 STATE OF FLORIDA

Board of Governors

University of Florida Dormitory Revenue Refunding Bonds, Series 2016A



Bond Ratings

AA Fitch Ratings

Dated: Date of Delivery

Aa2 Moody's Investors Service

AA- 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 redemption as provided herein.

Security

The 2016A Bonds will be secured by and payable from the Pledged Revenues, which consist of the revenues of the Housing System after deducting the Current Expenses. 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 Parity Bonds, of which \$74,555,000, excluding the Refunded Bonds, will be Outstanding subsequent to the issuance of the 2016A Bonds, and any subsequently issued Additional Parity Bonds.

Additional Bonds

Additional Parity Bonds payable on a parity with the 2016A Bonds and the Outstanding Parity Bonds may be issued if the average Pledged Revenues for the two immediately preceding fiscal years, as adjusted, are at least 125% 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 all of the outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, and to pay 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 6, 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.

MATURITY STRUCTURE

Initial <u>CUSIP</u> ©	Due Date	Principal <u>Amount</u>	Interest Rate	Price or Yield*	First Optional Redemption Date and Price
34157TCJ3	July 1, 2017	\$1,015,000	5.00%	1.05%	-
34157TCK0	July 1, 2018	1,070,000	5.00	1.35	-
34157TCL8	July 1, 2019	1,130,000	5.00	1.70	-
34157TCM6	July 1, 2020	1,195,000	5.00	2.00	-
34157TCN4	July 1, 2021	1,245,000	5.00	2.23	-
34157TCP9	July 1, 2022	1,315,000	5.00	2.35	-
34157TCQ7	July 1, 2023	1,380,000	5.00	2.47	-
34157TCR5	July 1, 2024	1,380,000	5.00	2.63	-
3 4 1 5 7 T C S 3	July 1, 2025	1,455,000	5.00	2.75	-
34157TCT1	July 1, 2026	1,520,000	5.00	2.86	-
34157TCU8	July 1, 2027	1,600,000	3.00	@100	July 1, 2026 @ 100%
34157TCV6	July 1, 2028	1,645,000	3.00	3.18	July 1, 2026 @ 100
34157TCW4	July 1, 2029	1,695,000	3.25	3.35	July 1, 2026 @ 100
34157TCX2	July 1, 2030**	1,745,000	4.00	3.45	July 1, 2026 @ 100

^{*} Price and yield information provided by the underwriter.

** The yield on this maturity is calculated to a 100% call on July 1, 2026.

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STATE OFFICIALS

BOARD OF GOVERNORS

CHAIR THOMAS G. KUNTZ

VICE CHAIRNED C. LAUTENBACH

GOVERNING BOARD OF THE DIVISION OF BOND FINANCE

GOVERNOR RICK SCOTT

Chairman

ATTORNEY GENERAL PAM BONDI Secretary CHIEF FINANCIAL OFFICER
JEFF ATWATER
Treasurer

COMMISSIONER OF AGRICULTURE

ADAM H. PUTNAM

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

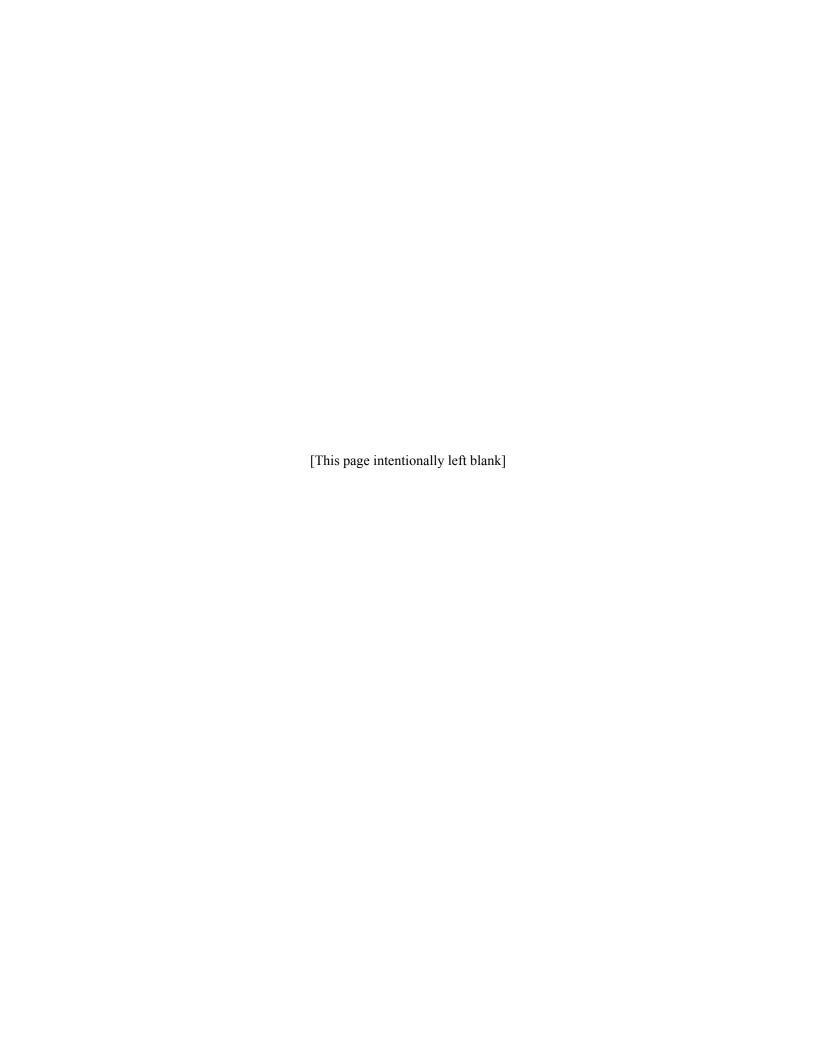


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^{**} There will not be a Debt Service Reserve Account funded for the 2016A Bonds.

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OFFICIAL STATEMENT Relating to \$19,390,000 STATE OF FLORIDA

Board of Governors University of Florida 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 \$19,390,000 State of Florida, Board of Governors, University of Florida 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").

Proceeds of the 2016A Bonds will be used to refund all of the outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, and to pay costs of issuance. The refunding is being effectuated to achieve debt service savings due to lower interest rates. See "THE REFUNDING PROGRAM" below for more detailed information.

The 2016A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the net revenues of the Housing System after providing for payment of the Current Expenses (the "Pledged Revenues"). See "SECURITY FOR THE 2016A BONDS" below for more detailed information.

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 Parity Bonds and any Additional Parity Bonds hereafter issued (collectively, the "Parity Bonds"). The aggregate principal amount of Parity Bonds, including the 2016A Bonds, will be outstanding subsequent to the issuance of the 2016A Bonds is \$74,555,000, excluding the Refunded Bonds. See "SECURITY FOR THE 2016A BONDS" below for more detailed information.

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 Florida Constitution, 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 Attorney General and the Chief Financial Officer. 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 Fund, 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 President 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)

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 - "University of Florida" for a list of the trustees of the University.

Administrative Approval

By a resolution adopted on September 12, 2013, the Board of Governors authorized and requested the Division of Bond Finance to proceed with the actions required for the issuance of the 2016A Bonds.

By a resolution duly adopted on January 10, 1989, the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance, authorized the issuance of not to exceed \$7,500,000 State of Florida, Board of Regents, University of Florida Housing Revenue Bonds, Series1989. Such resolution was amended and restated in its entirety by a resolution of the Governing Board of the Division of Bond Finance on June 13, 2000 (the "Original Resolution") and was further supplemented and amended by resolutions adopted on September 20, 2011 and March 20, 2012. By a resolution adopted on August 2, 2016 (the "Authorizing Resolution"), the Governing Board of the Division of Bond Finance authorized the issuance and sale of not exceeding \$23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined), which resolution further supplements the Original Resolution. The Original Resolution, the September 20, 2011 resolution, the March 20, 2012 resolution, and the Authorizing Resolution are reproduced as Appendices B, C, D and E to this Official Statement.

The Board of Administration approved the fiscal sufficiency of the 2016A Bonds, as required by the State Bond Act, by a resolution adopted on August 2, 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 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 to be selected by the Division of Bond Finance, and by lot within a maturity if less than an entire maturity 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.

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 notice.

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 all of the outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, maturing in the years 2017 through 2030 (the "Refunded Bonds"), in the outstanding principal amount of \$20,705,000. 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 Refunded Bonds will be called for redemption (by separate redemption notice) on January 9, 2017, at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date. 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	\$19,390,000
Plus: Net Original Issue Premium	1,587,371
Total Sources	\$20,977,371
Uses of Funds:	
	20 727 007
Deposit of Refunding Proceeds	20,727,997
Underwriter's Discount	154,187
Cost of Issuance	95,187

SECURITY FOR THE 2016A BONDS

\$20,977,371

Total Uses

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 a lien on the Pledged Revenues on a parity with the Outstanding Parity Bonds. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2016A Bonds is \$74,555,000, excluding the Refunded Bonds. As used herein, the term "Bonds" includes the Outstanding Parity Bonds, the 2016A Bonds and any Additional Parity Bonds as defined in the Resolution. The Pledged Revenues consist of the net revenues of the Housing System at the University of Florida after deducting from Gross Revenues the Current Expenses. The Housing System consists of the student living facilities of the University, as set forth in the Resolution, and such additional housing facilities as may be added to the Housing System, all as more fully described in "DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION" below. See "DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION - Historical Debt Service Coverage and - Projected Pledged Revenues and Debt Service Coverage" below.

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.

Debt Service Reserve Account**

There will not be a Debt Service Reserve Account funded for the 2016A Bonds. However, the Original Resolution creates the Debt Service 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 Debt Service Reserve Account may be established for one or more Series of Bonds. Each subaccount will be available only to cure deficiencies in the accounts in the Sinking Fund with respect to the Series of Bonds for which it is established. As permitted in the Resolution, in lieu of required deposits into the Debt Service Reserve Account, the Board may at any time fund one or more subaccounts in the Debt Service Reserve Account with one or more Debt Service Reserve Account Credit Facilities for the benefit of the Bonds secured by such subaccount in an amount, which together with the funds on deposit therein, equals the Reserve Requirement for such subaccount.

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

Currently, there is one subaccount in the Reserve Account securing certain Outstanding Parity Bonds. The subaccount is funded by a debt service reserve account surety bond from MBIA Insurance Corporation ("MBIA") in the amount of \$1,561,925, which will terminate on July 1, 2023, and a debt service reserve account surety bond from Financial Guaranty Insurance Company ("FGIC") in the amount of \$2,192,129, which will terminate on July 1, 2030. The subaccount also includes a debt service reserve account surety bond from MBIA in the amount of \$2,836,475, which will terminate on July 1, 2028, that only secures the 1998 bonds and the 2011A Bonds, which refunded the 1998 Bonds. This subaccount may also serve as the subaccount for future Additional Parity Bonds.

The resolution authorizing the sale of the 2016A Bonds provides that the Debt Service Reserve Account for the 2016A Bonds may be funded in an amount determined by the Director, which amount may be zero. The Debt Service Reserve Requirement for the 2016A Bonds has been determined to be zero. No deposit will be made to a subaccount in the Debt Service Reserve Account from the proceeds of the 2016A Bonds. However, the 2016A Bonds will be secured by the \$3,754,054 surety bonds from MBIA and FGIC under the terms of such bonds.

See "MISCELLANEOUS - Bond Ratings" below for a discussion of potential and actual rating agency actions with respect to various insurance companies, including MBIA and FGIC, currently providing reserve account surety bonds for various series of Outstanding 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 the Bonds secured by a subaccount in the Debt Service Reserve Account, 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 appropriate subaccount of the Debt Service Reserve Account. Each Reserve Account Credit Facility will be drawn upon in proportion to its relative share of the amounts in the Debt Service Reserve Account. Any withdrawals from the Debt Service 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 Prior Lien Obligations and the Sinking Fund, including any deficiencies for prior payments, have been made in full.

Flow of Funds

Collection of Pledged Revenues. Upon collection, Gross Revenues of the Housing System are deposited into a trust fund (the "Revenue Fund") to be administered in accordance with the provisions of the Resolution and applicable laws. After providing for the payments required below, the Board may use the Gross Revenues for any lawful purpose of the Board.

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

- (A) to satisfy the requirements of the Prior Lien Obligations, including the payment of Current Expenses;
- (B) for deposit with the Board of Administration in the Sinking Fund, until there is accumulated an amount sufficient to pay in the following order:
 - (1) the next installments of principal and interest to become due on all Parity Bonds during the then current year, including Amortization Installments; and
 - (2) to the Debt Service Reserve Account, the Reserve Requirement on all Parity Bonds (or the amount necessary to pay required installments if the Reserve Account is to be funded over a 60 month period), except to the extent a Reserve Account Credit Facility has been provided pursuant to the Resolution; and
- (C) to the Building Maintenance and Equipment Reserve Fund, in the amounts required by the Original Resolution.

Covenants of the Board of Governors

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 as provided in the 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, when due, the annual Pledge Revenues under the Resolution.
- (D) That it will continue to collect the rentals charged all regularly enrolled students and other tenants in the Housing System.

Additional Parity Bonds

The Resolution provides that Additional Parity Bonds may be issued, but only upon the following terms, restrictions and conditions: (1) the proceeds from such Additional Parity Bonds will be used to acquire and construct capital improvements to the Housing System or to refund Outstanding Bonds; (2) all previously authorized bonds will have been issued and delivered, or the authority for the unused portion will have been canceled; (3) the Board must certify favorably as to the advisability of the issuance of the Additional Parity Bonds; (4) the Board of Administration must approve the fiscal sufficiency of such Additional Parity Bonds; (5) certificates will be executed by the Board setting forth (a) the average amount of Pledged Revenues from the two fiscal years immediately preceding the issuance of the proposed Additional Parity Bonds, and (b) (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; (6) 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 (7) the average amount of Pledged Revenues for the two immediately preceding fiscal years, as adjusted as provided for in the Resolution, will be at least equal to 125% of the Maximum Annual Debt Service on (i) the Bonds then Outstanding, and (ii) the Additional Parity Bonds then proposed to be issued.

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

All of the above terms, conditions and restrictions having been complied with, the 2016A Bonds will be issued on a parity with the Outstanding Bonds.

DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION (Source: University of Florida)

Mission

The mission of the University of Florida is threefold: to preserve existing knowledge through teaching; to develop new knowledge through research; and to serve the social, cultural, industrial and political institutions of the State. Information regarding the University is provided in Appendix F. The Department of Housing and Residence Education's ("Department of Housing") mission is to provide services to residents that support academic and personal development through well-maintained facilities, quality educational and social programs, and a diverse community environment. The Department of Housing is a self-supporting agency of the University. It is part of the Division of Student Affairs and its primary function is housing and managing both single and married students' housing facilities.

The student housing program is an integral part of the University of Florida's educational mission. The housing program's purpose is to aid in the on-going educational and developmental processes of each individual resident. The housing program directs and enhances the education and development of resident students through informal and structured living experiences. The individual growth and learning through community development that occurs in residence halls enhances the education of residents in positive ways.

The housing program was designed as a total environment that encourages the educational development of the individual. The components that define this environment are: educational opportunities, facilities management, organization and administration, staffing and staff management, fiscal management, and evaluation.

Housing Facilities

The Housing System currently provides facilities to accommodate approximately 7,829 undergraduate and 1,463 graduate students. The Department of Housing operates 25 housing facilities for single freshmen, transfer and continuing students at the University, comprised of three apartment-style residence halls and 22 traditional residence halls, of which four currently offer suite-style living arrangements (a bath adjoining two living units).

In addition, Village housing is provided for family, single parent and graduate students in five apartment complexes. Occupancy rates for the 980 apartments in these facilities average 98%, with a continual waiting list.

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Outlined below are the residence halls making up the Housing System and the construction dates, square footage, capacity and number of rooms in each facility.

University of Florida Housing System Residence Hall Facilities

Hall Name	Year Built/Renovated	Square Footage	Beds	Rooms
Beaty East	1967	79,750	384	96
Beaty West	1967	82,812	416	104
Broward	1954/2014	159,100	685	325
Buckman	1905/2013	29,580	137	82
Cypress	2015	82,300	255	131
East	1961/2009	44,230	209	105
Fletcher	1939/1984	50,500	157	87
Graham	1961	39,800	206	105
Hume East	2002	75,972	306	162
Hume West	2002	75,972	302	160
Jennings	1961/2010	108,920	493	251
Keys	1990	121,050	419	107
Lakeside	2000	176,781	541	135
Mallory	1950/2006	42,400	175	91
Murphree	1939/2005	97,450	388	169
North	1950/2005	36,600	158	85
Rawlings	1958	82,930	357	168
Reid	1950/2004	42,400	169	87
Riker	1950/2003	43,440	205	105
Simpson	1961/2011	38,930	214	109
Sledd	1929/1984/2006	43,310	182	98
Springs	1995	137,532	476	286
Thomas	1905/2002	35,920	179	109
Tolbert	1950/2011	54,300	254	127
Trusler	1961	40,540	204	104
Weaver	1950/2012	46,840	180	100
Yulee	1950/2007	42,400	<u>178</u>	<u>94</u>
Total		1,911,759	7,829	3,591

The housing villages currently included in the Housing System are detailed below with construction dates, square footage, number of buildings and number of apartments.

University of Florida Housing System Village Housing Facilities

Village Name	Year Built/Renovated	Square <u>Footage</u>	No. <u>Buildings</u>	No. <u>Apartments</u>
Corry	1958/2012-2015	154,800	13	216
Corry Commons	2012	11,333	1	
Diamond	1965/2001	163,300	11	208
Diamond Commons	1965/2004	4,800	1	
Tanglewood ¹	1973	192,550	11	208
Tanglewood Commons	1973/2012	3,870	1	
Tangewood Laundry/Maintenance	2012	1,480	1	
Tanglewood Pool	1971	160	1	
Maguire	1971	213,240	28	220
Maguire Commons	1971/2012	3,450	1	
Maguire Pool Bath	1991	210	1	
Maguire Storage/Pool Pump	1994	800	1	
University Village South	1972	118,230	16	128
UVS Commons	1972/2003	950	1	
UVS Storage	1992	190	<u>1</u>	
Total		869,363	89	980

¹ 100 units of the Tanglewood Apartments were completed in 1968.

Capital Improvement Plan

The Department of Housing develops a ten year capital plan as part of the annual budgetary process, identifying major capital projects required to maintain the quality of the housing units. The current capital projects plan anticipates such projects as replacing fire sprinkler and alarm systems, flooring replacements, bathroom renovations, domestic water line replacements, window replacements and equipment and furnishing replacements. Annually, as funding becomes available, priority projects are identified and undertaken. Annual expenditures on the capital plan for the past five years were funded with cash and have averaged approximately \$7.3 million. Over the next five years, capital expenditures will be funded with cash and are expected to average approximately \$7.5 million per year.

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.

Staffing

The Department of Housing employs a total of 352 full-time employees and 363 part-time student staff. Staff includes custodians, maintenance technicians, clerical staff, administrators, student resident assistants, hall directors, desk assistants and security guards.

Demand for On-Campus Single Student Housing

Historically, University housing facilities have been filled at or beyond 100% of their design capacity at the beginning of each fall term, as reflected in the table below. The demand for on-campus housing has exceeded the supply for the last 27 years. The decision was made in 1978 to house no more than 400 overflow students each fall semester. This number was selected based upon statistical reports that indicate that approximately 400 students drop out of University housing during the fall semester. In recent years, the number of students who drop out of University housing has decreased; reducing the number of overflow students to no more than 325 each semester. Students are assigned to temporary housing until cancellations occur and typically for no more than one semester. Even with these overflow provisions, the Housing System has had to turn away students.

The chart below indicates the occupancy rate as compared to the capacity of current University housing facilities for the years indicated.

Fall Semester Occupancy Analysis For Single Student Housing Residence Halls (First Week of Classes)

				Occupancy	Percent of Full-Time
			Number of	as a Percent	Student Body Residing
<u>Fall</u>	Capacity	Occupancy	Overflow Students ¹	of Capacity	on Campus
2011	7,397	7,719	322	104.4%	24.1%
2012	7,498	7,706	208	102.8%	24.1%
2013	7,490	7,520	30	100.4%	23.2%
2014	7,467	7,659	192	102.6%	23.4%
2015	$7,741^2$	7,825	84	101.1%	24.6%
2016	7,829	7,979	150	101.9%	21.5%

Ascertained approximately three weeks after registration, during which time a number of students originally in overflow status were placed in permanent housing or dropped out of school.

The following chart shows the number of students placed on a waiting list for the fall semester which were unable to obtain University housing for the years indicated.

Fall Semester Waiting List Breakdown (First Day of Classes)

<u>Fall</u>	<u>Freshman</u>	Transfers	Continuing	Total
2011	105	75	25	205
2012	96	2	16	114
2013	425	47	98	570
2014	510	68	128	706
2015	67	33	42	142
2016	43	26	8	77

Note: Figures were taken from housing reservation reports issued during the month of June for each of the years.

On-Campus Rental Rates

Housing System rental rates are set annually during the Department of Housing's budget process, which takes place after various budget committees have identified the specific needs and strategic initiatives to be funded during the fiscal year. The financial services staff utilizes information from the budget committees to build a model that is shared with the Associate Vice President. During the discussion, some needs and initiatives for the Housing System may be removed in order to adjust rental rates according to broader University goals. In addition, data from other institutions as well as the local rental market are evaluated and incorporated into the decision making process. Once the proposed rate increase is determined by staff, the Campus Housing Committee discusses the rate. Following the Committee's endorsement of the new rate, the Vice President of Student Affairs presents the rate to the Board of Trustees for final approval.

Increase in capacity was primarily due to the opening of Cypress Hall with 255 beds.

The following table lists the predominant types of living accommodations in the Housing System available to students and the related historical and projected rental rates on a per student, per semester basis for each academic year. All rental rates on housing facilities include utilities. The projected rates shown for 2017-18 and thereafter reflect a 3% annual increase for semester rates, and are for illustration purposes only. Management of the University makes no representation as to whether any rental rate increases will be made in the future. The projected rental rates were used in the calculation of projected Housing System Revenues set forth in "Projected Pledged Revenues and Debt Service Coverage." The Board has covenanted in the Original Resolution to recommend, fix and include in its budget rental rates that will produce sufficient revenues to pay amounts due with respect to the Outstanding Bonds and the 2016A Bonds.

Schedule of Historical and Projected On-Campus Rental Rates Per Student Per Semester

			Historical					Projected		
	2011-12	<u>2012-13</u>	2013-14	2014-15	<u>2015-16</u>	Current <u>2016-17</u>	<u>2017-18</u>	2018-19	2019-20	<u>2020-21</u>
Traditional Residence Halls:										
Single Room	\$2,408	\$2,517	\$2,630	\$2,709	\$2,804	\$2,804	\$2,885	\$2,972	\$3,061	\$3,153
Double Room	\$2,274	\$2,377	\$2,484	\$2,558	\$2,648	\$2,648	\$2,727	\$2,809	\$2,894	\$2,980
Triple Room	\$2,006	\$2,097	\$2,191	\$2,257	\$2,336	\$2,336	\$2,406	\$2,478	\$2,553	\$2,629
Hume Residence Hall (Suites):										
Single Room	\$3,250	\$3,396	\$3,549	\$3,655	\$3,783	\$3,783	\$3,896	\$4,013	\$4,134	\$4,258
Double Room	\$3,069	\$3,208	\$3,352	\$3,453	\$3,574	\$3,574	\$3,681	\$3,792	\$3,905	\$4,023
Springs Residence Hall (Suites):										
Single Room	\$2,819	\$2,946	\$3,079	\$3,171	\$3,282	\$3,282	\$3,380	\$3,482	\$3,586	\$3,694
Double Room	\$2,619	\$2,747	\$2,871	\$2,957	\$3,060	\$3,060	\$3,152	\$3,246	\$3,344	\$3,444
Lakeside/Keys Residence Hall:										
Apartment	\$2,836	\$3,078	\$3,217	\$3,313	\$3,429	\$3,429	\$3,532	\$3,638	\$3,747	\$3,859
Murphree Residence Hall:										
Two Room Double	\$2,418	\$2,527	\$2,641	\$2,720	\$2,815	\$2,815	\$2,899	\$2,986	\$3,076	\$3,168
Two Room Triple	\$2,109	\$2,204	\$2,303	\$2,373	\$2,455	\$2,455	\$2,529	\$2,605	\$2,683	\$2,763

Student Housing Payments and Collection

The relationship of rental rates to the students' ability to pay and the financial aid process is a very important part of the total financial structure of the Department of Housing. The normal payment program for housing is divided into two segments: a prepayment and a balance payment. For the fall semester, the first payment is due in May and the second payment is due in July. For the spring semester, the first payment is due in August and the second payment is due in December. Prior to the start of each semester, payment deferments and extensions are granted through an application process and verification of financial aid through the Department of Housing's Management System.

Once a rent charge is assessed, the charges are immediately transferred to the University-wide accounts receivable system. Should the charges not be paid in full by the due date, a hold is put on a student's records. The hold prevents a student from registering for a subsequent semester and from receiving a transcript or diploma until the account is paid. The collection rate for all campus housing fees averaged 99% of the fees assessed for the past five years.

Comparison of Housing Rates

Currently, the rental rate for a typical on-campus, air-conditioned apartment-style facility averages approximately \$714 per month per student. This rate includes all utilities, furniture, cable television, data connectivity, nighttime security and residence life staff.

A survey of comparable off-campus facilities is included in the following section. The off-campus facilities selected for this survey are located within eight miles of the University and are primarily student apartment facilities.

The average cost for an off-campus, two-bedroom unfurnished apartment is \$730 per month, per student. The off-campus rates do not include any auxiliary services other than water and sewage; nor do the rates for off-campus facilities include deposits for utilities and telephone or transportation costs.

Survey of Off-Campus Monthly Housing Rates*

Average Monthly Rent Per Unit

	Distance From UF					
Property Name Campus View	(miles) 0.3	Studio Rent	1-Bedroom Rent	2-Bedroom Rent \$1,450	3-Bedroom Rent \$1,975	4-Bedroom Rent
Parkside I	0.3		\$799	ψ1,130	Ψ1,> / υ	
Royale Palms	0.3		\$1,215	\$1,578	\$2,155	
Sabal Palms	0.3				\$2,260	\$2,856
The Estates at Sorority Row	0.3	\$949	\$1,330	\$1,725	\$2,260	
Stratford Court	0.4		\$1,205	\$1,558	\$2,185	\$2,599
Wildflower Apartments	0.4		\$1,330	\$1,640	\$2,113	
Camden Court	0.5			\$1,598	\$2,199	\$2,628
College Manor	0.5	\$639	\$713	\$1,104	\$1,672	
Deco 39	0.5		\$1,299	\$1,698		\$2,780
Museum Walk	0.5			\$1,170	\$1,360	
Archstone	0.6	\$1,039	\$1,320	\$1,565	\$2,140	\$2,800
Heritage Oaks	0.7	\$882	\$1,299	\$1,264	\$1,960	
Jackson Square	0.7		\$1,300	\$1,600		
The Estates	0.7		\$1,029	\$1,258	\$1,732	\$2,220
Nantucket Walk	0.8			\$1,550		
The Bartram	0.8		\$1,475	\$1,934	\$2,260	
Upper Westside	0.8	\$975	\$1,194	\$1,709		
2nd Ave Centre	1		\$1,269	\$1,478		\$2,336
College Park	1	\$709	\$815	\$1,196	\$1,400	\$1,999
Looking Glass	1.1	\$870	\$600	\$1,350		
The Continuum	1.1	\$926	\$1,224	\$1,478		\$3,056
University House	1.2		\$1,250	\$1,510	\$2,020	\$2,360
Arlington Square Wisteria Downs	1.6	\$777	\$850	\$1,020	\$1,509	
Canopy	1.6			\$1,390	\$1,897	\$2,220
The Enclave	1.6			\$1,368	\$1,852	
Gainesville Place	1.9			\$1,308		\$1,908
Average Rental Rate / Unit		\$863	\$1,132	\$1,460	\$1,942	\$2,480

^{*}Source: University of Florida - 400 Student Market Analysis.

Comparative Analysis:

Off-Campus Two-Bedroom Apartment Units (Unfurnished)

Average Monthly Rent =\$1,460 Average Monthly Rent per Student = \$730

The Keys (apartment-style, four bedroom furnished units - rate includes all services) for Fiscal Year 2015-16

Fall & Spring Semesters =	\$3,429	Each semester
Summer A & B Terms =	\$857	Each semester
Annual Cost per Student =	\$8,572	
Monthly Costs per Student =	\$714	

Budgetary Process

Each spring, the proposed budget for the ensuing Fiscal Year is finalized. The budget figures are based upon actual numbers from the prior year and the current year, anticipated and projected changes in the current year, and major projects that are scheduled. The budget for the Housing System is prepared by the Associate Vice President for

Student Affairs and Director of Housing for Financial and IT Services with participation, input and approval by the Inter-Residence Hall Association, Mayor's Council and the Campus Student Housing Committee.

The following table sets forth the proposed Housing System operating budgets for Fiscal Years 2014-15 through 2016-17 and actual results for Fiscal Years 2014-15 and 2015-16.

University Housing System Operating Budget

	2014-15		2015-16			<u>2016-17</u>	
	Budgeted Income & Expense	Actual Income & Expense	<u>Difference</u>	Budgeted Income & Expense	Actual Income & Expense	Difference	Budgeted Income & Expense
Residence Halls Rent		<u> </u>					
Fall	\$20,900,000	\$21,053,763	\$153,763	\$22,415,805	\$22,640,893	\$225,088	\$22,459,170
Spring	20,700,000	20,616,197	(83,803)	22,115,805	21,895,844	(219,961)	22,259,170
Summer A	725,000	878,342	153,342	200,000	334,056	134,056	200,000
Summer B	2,975,000	3,141091	166,091	2,650,000	2,967,469	317,469	2,650,000
Summer C	1,500,000	856,199	(643,801)	200,000	324,852	124,852	200,000
Application Fees	350,000	423,811	73,811	350,000	414,075	64,075	350,000
Village Housing Rent	6,500,000	6,450,453	(49,547)	6,551,258	6,631,857	80,599	6,644,040
Utility Income	350,000	418,690	68,690	375,000	414,106	39,106	375,000
Conference Income	1,200,000	1,122,702	(77,298)	1,000,000	1,701,743	701,743	1,000,000
Youth Conference Services	15,000	19,938	4,938	20,000	18,616	(1,384)	20,000
Miscellaneous Income	450,000	1,615,870	1,165,870	600,000	2,536,661	1,936,661	750,000
Investment Income		2,491	2,491			<u>-</u>	
Total Operating Income	<u>\$55,665,000</u>	\$56,599,547	<u>\$934,547</u>	<u>\$56,477,869</u>	\$59,880,172	<u>\$3,402,304</u>	<u>\$56,907,381</u>
Operating Expenses	\$13,862,350	\$14,521,565	\$659,215	\$15,768,345	\$16,415,362	\$647,017	\$16,003,350
Salaries - USPS and Teams	16,830,000	18,462,752	1,632,752	19,750,000	18,946,585	(803,415)	20,300,000
Salaries - OPS	2,692,993	2,493,892	(199,101)	2,750,000	2,928,591	178,591	3,000,000
Debt Service Payments	6,808,594	8,361,506	1,552,912	8,897,806	7,905,501	(992,305)	8,876,606
Purchase of Furn. & Equipment > \$5,000	400,000	580,511	180,511	500,000	549,513	49,513	500,000
Auxiliary Admin. Overhead	5,000,000	5,476,219	476,219	5,328,405	5,328,405	-	5,520,534
Student Personnel Higher Ed Scholarship	49,600	62,000	12,400	70,000	70,000	-	95,524
Credit Card Transaction Fee (2.6%)	12,000	884	(11,116)	10,000	3,830	(6,170)	2,000
Total Projected Expenditures	\$45,655,537	\$49,959,329	<u>\$4,303,792</u>	<u>\$53,074,556</u>	\$52,147,787	(\$926,769)	\$54,298,014
Net Income or (Deficit) from Operations	\$10,009,463	\$6,640,218	(\$3,369,245)	\$3,403,312	\$7,732,385	\$4,329,073	\$2,609,366
Master Plan Capital Improvement Projects	\$2,954,280	\$6,111,225	\$3,156,945	\$2,655,000	\$4,240,910	\$1,585,910	\$2,250,000
Net Transfer To/from Reserves for Future Capital Improvements	<u>\$7,055,183</u>	<u>\$528,993</u>	(\$6,526,190)	<u>\$748,312</u>	\$3,491,475	<u>\$2,743,162</u>	\$359,366

Selected Historical Financial Information

The following tables set forth selected historical financial information for the Housing System for Fiscal Years ended June 30, 2012 through June 30, 2016. The financial information for the Department of Housing was prepared by the University for internal management purposes as an integral part of the University's Financial Statements which, with the exception of the preliminary 2015-16 information, have been independently audited. This information was prepared on an accrual basis and in accordance with generally accepted accounting principles.

The Department of Housing's activities are included in the University's Financial Statements. The University's financial statements are subject to audit procedures as part of the audit of Florida's Comprehensive Annual Financial Report. Additionally, the University's financial statements are independently audited by the State Auditor General's office. The University's audited financial statements for Fiscal Year 2014-15 are reproduced as Appendix G. The audited Housing System Revenue Fund financial statements for Fiscal Year 2014-15 and 2015-16 are reproduced as Appendix H-1 and Appendix H-2, respectively.

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University of Florida Department of Housing and Residence Education Housing System Revenue Fund Historical Summary of Statement of Net Position at June 30

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Current Assets:					
Pooled Cash and Investments ¹	\$8,127,014	\$3,000,264	\$1,272,123	\$4,513,949	\$6,329,081
Interest Receivable	21,068	3,689	-	-	-
Accounts Receivable	1,332,142	1,000,825	196,064	127,183	178,283
Net Student Receivables	93,119	131,647	647,553	105,960	170,067
Notes Receivables	-	-	-	58,933	37,607
Inventories	282,121	312,858	303,534	286,900	270,951
Total Current Assets	<u>\$9,855,464</u>	<u>\$4,449,283</u>	<u>\$2,419,274</u>	<u>\$5,092,925</u>	<u>\$6,985,989</u>
Non-Current Assets:					
Notes Receivable – Non-Current	-	-	-	\$469,755	\$504,688
Furniture & Equipment	\$7,848,764	\$7,842,074	\$8,342,596	8,867,799	9,273,802
Less: Accumulated Depreciation	(5,205,173)	(5,455,960)	(5,838,658)	<u>(6,344,619)</u>	(6,772,120)
Total Non-Current Assets	<u>\$2,643,591</u>	<u>\$2,386,114</u>	<u>\$2,503,938</u>	<u>\$2,992,935</u>	<u>\$3,006,370</u>
Total Assets	<u>\$12,499,055</u>	<u>\$6,835,397</u>	<u>\$4,923,212</u>	<u>\$8,085,860</u>	\$9,992,359
Current Liabilities:					
Accounts Payable	\$921,460	\$1,478,268	\$1,910,180	\$2,893,495	\$1,492,759
Retainage Payable	278,498	389,236	842,507	103,576	147,057
Unearned Rent	3,831,989	3,813,784	4,558,875	8,253,530	6,296,349
Compensated Absences	90,000	90,000	90,000	90,000	90,000
Total Current Liabilities	<u>\$5,121,947</u>	<u>\$5,771,288</u>	<u>\$7,401,562</u>	<u>\$11,340,601</u>	<u>\$8,026,165</u>
Long-term Liabilities:					
Compensated Absences	<u>\$1,052,662</u>	<u>\$1,037,361</u>	<u>\$1,092,297</u>	<u>\$1,151,513</u>	<u>\$1,029,440</u>
Total Noncurrent Liabilities	<u>\$1,052,662</u>	<u>\$1,037,361</u>	<u>\$1,092,297</u>	<u>\$1,151,513</u>	<u>\$1,029,440</u>
Total Liabilities	<u>\$6,174,609</u>	\$6,808,649	<u>\$8,493,859</u>	<u>\$12,492,114</u>	<u>\$9,055,605</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$2,643,591	\$2,386,114	\$2,503,938	\$2,523,180	\$2,501,682
Unrestricted ²	3,680,855	(2,359,366)	(6,074,585)	(6,929,434)	(1,564,928)
Total Net Position	<u>\$6,324,446</u>	<u>\$26,748</u>	(\$3,570,647)	<u>(\$4,406,254)</u>	\$936,754

¹The System has used cash over the historical period to finance renovations to existing facilities.

University of Florida Department of Housing and Residence Education Housing System Revenue Fund Statement of Revenues, Expenditures and Other Changes

	<u>2011-12</u>	<u>2012-13</u>	2013-14	<u>2014-15</u>	<u>2015-16</u>
OPERATING REVENUES					
Residence Hall Rents	\$45,225,966	\$48,678,910	\$52,304,777	\$54,585,412	\$59,716,641
OPERATING EXPENSES					
Salaries and Related Fringe Benefits	\$18,012,013	\$18,480,556	\$20,190,713	\$21,015,860	\$21,753,103
Utilities	3,669,916	3,836,484	5,589,321	5,806,972	6,052,444
Repairs and Maintenance ¹	7,100,377	5,580,087	6,308,128	6,030,636	7,441,121
Small Furniture and Equipment	2,172,088	2,171,159	835,488	728,736	1,412,052
Depreciation	887,306	684,448	544,759	550,118	585,027
Administrative Overhead ²	4,279,430	4,775,415	4,916,543	5,476,219	5,328,405
Other Expenses ³	2,564,465	2,516,445	2,081,440	1,493,960	1,533,446
Total Expenditures	\$38,685,595	\$38,044,594	\$40,466,392	\$41,102,501	\$44,105,598
Operating Income	\$6,540,371	<u>\$10,634,316</u>	<u>\$11,838,385</u>	\$13,482,911	\$15,611,043
NON-OPERATING REVENUES					
Investment Income	\$447,057	\$285,262	\$91,285	\$2,491	-
Miscellaneous	(34,100)	(44,203)	(60,845)	(61,679)	(\$68,701)
(Loss) Gain on Equipment Disposals	(808,127)	(115,531)	(20,169)	(11,152)	(10,984)
Total Non-operating Revenue (Expenses)	<u>(\$395,170)</u>	\$125,528	<u>\$10,271</u>	<u>(\$70,340)</u>	<u>(\$79,685)</u>
	ФС 145 201	Φ10.750.044	Ф11 040 656	Ф12-412-571	Φ15 521 250
Income Before Transfers	<u>\$6,145,201</u>	<u>\$10,759,844</u>	<u>\$11,848,656</u>	<u>\$13,412,571</u>	<u>\$15,531,358</u>
TRANSFERS					
Donated Surplus	\$34,496	\$36,613	\$42,630	-	\$25,000
Capital Contributions to Plant Fund	(6,160,297)	(10,280,662)	(9,287,094)	(\$6,830,481)	(5,619,849)
Debt Service Transfer	(4,895,778)	(6,813,493)	(7,401,587)	(8,361,506)	(7,905,501)
Repair and Replacement Transfer	<u>-</u>	<u>-</u>	1,200,000	943,809	3,312,000
Total Transfers	(\$11,021,579)	(\$17,057,542)	(\$15,446,051)	(\$14,248,178)	(\$10,188,350)
Net Change in Net Assets	(\$4,876,378)	(\$6,297,698)	(\$3,597,395)	(\$835,607)	\$5,343,008
Net Assets, Beginning of Year	\$11,200,824	\$6,324,446	\$26,748	(\$3,570,647)	(\$4,406,254)
Net Assets, End of Year	\$6,324,446	\$26,748	<u>(\$3,570,647)</u>	(\$4,406,254)	\$936,754

¹ Includes one-time expenditures of \$1.3 million in Fiscal Year 2011-12 for renovations to housing facilities which are not considered Current Expenses under the Resolution.

² Administrative overhead paid to the University is legally subordinate to debt service as per the Resolution.

Other Expenses includes advertising, auditing services, bad debt, cable, computing services, equipment rentals, garbage service, insurance, office supplies, postage, printing, food service costs, subscriptions and memberships, telephone, travel and training.

Discussion and Analysis of Financial Condition and Results of Operations

Over the past five Fiscal Years, operating income has more than doubled from \$6.5 million in 2011-12 to \$15.6 million in 2015-16. Operating revenues of the Housing System have grown by \$14.5 million, or 32%, from \$45.2 million to \$59.7 million, due to annual rental rate increases ranging from 3% to 4.5% per year and the addition of beds to the system. Operating revenues increased by \$3.6 million, or 7.5%, in 2013-14 due to a rate increase of 4.5% and the addition of 220 apartments in the Maguire Village to the system in that year. Similarly, in 2015-16, the Housing System again realized a large increase in operating revenues of \$5.1 million, or 9.4% to \$59.7 million, primarily due to a 3.5% increase in rental rates and the opening of Cypress Hall in August 2015 with 255 beds. The construction of Cypress Hall was financed with proceeds of the 2013A Bonds and a cash contribution of approximately \$1.5 million from the Housing System.

Operating expenses have grown by 14%, or \$5.4 million, over the five year period from \$38.7 million in 2011-12 to \$44.1 million in 2015-16. Additional operating expenses were incurred beginning in 2013-14 associated with the addition of Maguire Village and in 2015-16 associated with the opening of Cypress Hall. Operating repairs, maintenance, furniture and equipment expenses fluctuate somewhat from year to year, but have averaged approximately \$7.8 million per year over the last five years.

Over the five year period, net assets have decreased from \$6.3 million to \$0.9 million, as the Department of Housing has invested cash from operations in maintain aging facilities to keep them in top operating condition, and as debt service costs have increased with the financing of renovations and construction of additional housing facilities. Transfers shown on the Statement of Revenues, Expenditures and Other Changes as "Capital Contributions to Plant Fund", represent capital expenditures of the system in excess of \$250,000 incurred to extend the useful life of the housing facilities, such as roof replacements, elevator additions, electrical upgrades, and air conditioning system replacements. These costs have averaged approximately \$7.6 million per year over the past five years. A portion of these costs over the most recent three years have been met utilizing transfers from the Housing System Building Maintenance and Equipment Reserve Fund, with the majority coming from operations. Debt service costs increased in 2012-13 after the issuance of the 2012A Bonds in May 2012, which were issued to finance the renovation of housing facilities, and again beginning in 2013-14 after the issuance of the 2013A Bonds in December 2013 for the construction of Cypress Hall.

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Historical Debt Service Coverage

The following table shows historical operating results and debt service coverage ratios for the fiscal years indicated.

University of Florida Housing System Historical Debt Service Coverage¹

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gross Revenues:					
Residence Hall Rent and Other Revenues	\$45,225,966	\$48,678,910	\$52,304,7772	\$54,585,412	\$59,716,6413
Investment Revenue ⁴	447,057	285,262	91,285	2,491	
Total Revenues	\$45,673,023	\$48,964,172	\$52,396,062	\$54,587,903	\$59,716,641
Less Current Expenses:					
Operating Expenses	\$38,685,595	\$38,044,594	\$40,466,3925	\$41,102,051	\$44,105,598 ⁶
Less Depreciation	(887,306)	(684,448)	(544,759)	(550,118)	(585,027)
Less Administrative Overhead	(4,279,430)	(4,775,415)	(4,916,543)	(5,476,219)	(5,328,405)
Less Extraordinary Maintenance ⁷	(1,296,200)				
Current Expenses	\$32,222,659	\$32,584,731	\$35,005,090	\$35,076,164	\$38,192,166
Less Debt Service on Series 1984 Bonds ⁸	<u>\$185,750</u>	<u>\$185,650</u>	<u>\$185,400</u>		-
Pledged Revenues	\$13,264,614	\$16,193,791	\$17,205,572	\$19,511,739	\$21,524,475
Annual Debt Service on the Parity Bonds	\$4,709,474	\$6,619,547	\$7,268,267	\$8,090,006	\$8,051,306
Maximum Annual Debt Service on the Parity Bonds	\$4,888,131	\$6,649,944	\$8,090,006	\$8,090,006	\$8,061,956
Debt Service Coverage:					
Annual Debt Service	2.82x	2.45x	2.37x	2.41x	2.67x
Maximum Annual Debt Service	2.71x	2.44x	2.13x	2.41x	2.67x

¹ The financial information related to revenues and expenses was provided by the University.

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 increases of 3% per year beginning in 2017-18 and student occupancy rates of 100% for the fall and 99% for the spring terms of each year. Revenues are budgeted conservatively based on standard capacity and do not take into consideration additional revenues received from overflow capacity. Over the past five years, at the beginning of the Fall semester, the Department of Housing has

² Revenue increase was the result of a 4.5% rate increase and renovated units brought back on-line.

Revenue increase was the result of a 3.5% rate increase and the opening of Cypress Hall in August 2015.

⁴ Investment revenue includes interest on the available beginning cash balances in the Housing System operation accounts

Increase in Current Expenses due to additional operating costs associated with renovated units coming back on-line, as well as an increase in salary expenses due to wage adjustments and filling of vacant positions.

⁶ Increase in Current Expenses due to additional operating costs associated with the opening of Cypress Hall in August 2015.

⁷ Extraordinary one-time expenditures of \$1.3 million was incurred in 2011-12 for renovations to housing facilities, which are not considered Current Expenses under the Resolution.

⁸ The 1984 Bonds were secured by a prior lien pledge on the Pledged Revenues and were paid off on July 1, 2014.

accommodated an average of 130 students more than the standard capacity available. The University anticipates realizing overflow occupancy during the projection period, but has not built those anticipated revenues into the projections. Summer revenue has also been projected conservatively due to the historical fluctuation of those revenues from year to year based on the classes available, the number of summer admittances, housing camps, and conference and guest housing. Operating expenses for the Housing System during the forecast period are based upon the University's past experience in operating the Housing System and are projected to increase 2% annually.

University of Florida Housing System Projected Debt Service Coverage¹

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Residence Hall Rent and Other Revenues	\$56,907,381	\$58,614,602	\$60,373,041	\$62,184,232	\$64,049,759
Less: Current Expenses ²	\$39,900,874	\$40,698,891	\$41,512,869	\$42,343,127	\$43,189,989
Pledged Revenues	\$17,006,507	\$17,915,711	\$18,860,171	\$19,841,105	\$20,859,769
Annual Debt Service on the Parity Bonds					
Outstanding Parity Bonds ³	\$6,425,846	\$5,947,175	\$5,924,475	\$5,000,025	\$5,011,375
2016A Bonds	1,431,874	1,876,738	1,883,238	1,891,738	1,881,988
Total Annual Debt Service on the Parity Bonds	\$7,857,721	\$7,823,913	\$7,807,713	\$6,891,763	\$6,893,363
Maximum Annual Debt Service on the Parity Bonds	\$7,823,913	\$7,823,913	\$7,807,713	\$6,898,919	\$6,898,919
Debt Service Coverage:					
Annual Debt Service	2.16x	2.29x	2.42x	2.88x	3.03x
Maximum Annual Debt Service	2.16x	2.29x	2.42x	2.88x	3.02x

Projected revenues and expenses have been provided by the University.

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² Current Expenses are operating expenses of the Housing System as defined in the Resolution, which are net of depreciation and administrative overhead paid to the University.

³ Excludes the Refunded Bonds.

SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Outstanding Parity Bonds, the debt service on the 2016A Bonds and the total debt service.

Fiscal Year		Debt			
Ended June 30	Parity Bonds ¹	Principal	Interest	Total	- Total Debt Service
2017	\$6,425,846	\$1,015,000	\$416,874	\$1,431,874	\$7,857,721
2018	5,947,175	1,070,000	806,738	1,876,738	7,823,913
2019	5,924,475	1,130,000	753,238	1,883,238	7,807,713
2020	5,000,025	1,195,000	696,738	1,891,738	6,891,763
2021	5,011,375	1,245,000	636,988	1,881,988	6,893,363
2022	5,004,238	1,315,000	574,738	1,889,738	6,893,975
2023	5,009,931	1,380,000	508,988	1,888,988	6,898,919
2024	4,196,956	1,380,000	439,988	1,819,988	6,016,944
2025	4,197,731	1,455,000	370,988	1,825,988	6,023,719
2026	4,199,494	1,520,000	298,238	1,818,238	6,017,731
2027	4,201,463	1,600,000	222,238	1,822,238	6,023,700
2028	4,199,700	1,645,000	174,238	1,819,238	6,018,938
2029	3,400,863	1,695,000	124,888	1,819,888	5,220,750
2030	3,396,788	1,745,000	69,800	1,814,800	5,211,588
2031	3,393,813	-	-	-	3,393,813
2032	1,501,738	-	-	-	1,501,738
2033	1,504,606	<u></u>	<u> </u>		1,504,606
	<u>\$72,516,215</u>	<u>\$19,390,000</u>	<u>\$6,094,674</u>	<u>\$25,484,674</u>	<u>\$98,000,889</u>

¹ Excludes the Refunded Bonds.

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 2026 and 2030 were offered and sold to the public 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 2028 and 2029 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 amounts 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, 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 & Poor's Ratings Service (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of Aa2, AA, and AA-, 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 both S&P and 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, 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

Hutchinson, Shockey, Erley & Co. (the "Underwriter") has agreed to purchase the 2016A Bonds at an aggregate purchase price of \$20,823,183.71 (which represents the par amount of the 2016A Bonds plus an original issue premium of \$1,587,371.05 and minus the Underwriters' discount of \$154,187.34). The Underwriter 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

BOARD OF GOVERNORS

RICK SCOTT

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

THOMAS G. KUNTZ Chair

J. BEN WATKINS III Director Division of Bond Finance



DEFINITIONS

"1984 Bonds" means the \$3,500,000 State of Florida, Board of Regents, University of Florida Housing Revenue Certificates, Series of 1984.

"2005A Bonds" means the \$37,610,000 State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A.

"2011A Bonds" means the \$16,350,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2011A.

"2012A Bonds" means the \$26,500,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Bonds, Series 2012A.

"2013A Bonds" means the \$24,805,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Bonds, Series 2013A.

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

"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.

"Annual Debt Service" means, for any Fiscal Year, the remaining amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited in such Fiscal Year into the Sinking Fund to pay the interest, principal and Amortization Installment in such Fiscal Year. In the calculation of the Annual Debt Service Requirement, 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, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Annual Debt Service Requirement for that Fiscal Year.

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

"Authorizing Resolution" means the resolution adopted on August 2, 2016 by the Governing Board, authorizing the issuance and sale of not exceeding \$23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined).

"Board of Administration" means the State Board of Administration, as created pursuant to the provisions of Article XII, Section 9, Florida Constitution and Chapter 215, Florida Statutes.

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

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

"Bonds" means the State of Florida, University of Florida Housing/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 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 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 Housing System 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 5.01(B) of the Original Resolution and which shall include any subaccounts established for a particular Series of Bonds.

"Director" means the Director of the Division or any Assistant Secretary delegated authority by the Director.

"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.

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

"Gross Revenues" means all fees, rentals or other charges and income received by the Board of Governors or 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, together with all receipts and income of any kind derived from the Housing System, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, linen rental fees, and any special rental fees or charges for services or space provided.

"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 those residence halls, apartments, or other living units at the University, the revenues of which are pledged to the Bonds, together with such additions thereto as shall be made from time to time. The Housing System consists of facilities known as Broward, Hume, Rawlings, Corry Village, Jennings, Graham, Trusler, Simpson, East, Beaty Towers, University Village South, Fletcher, Sledd, Buckman, Thomas, Murphree, Tolbert, North, Riker, Weaver, Yulee, Mallory, Reid, Keys Residential Complex, Springs Residential Complex, Lakeside Residential Complex, Diamond Village, Tanglewood Apartments, Maguire Village, and Cypress Hall and such additional facilities as at some future date may be added to the Housing System.

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

"Maximum Annual Debt Service" means, 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 into the Sinking Fund during the then current or any succeeding Fiscal Year. For the purpose of calculating the deposits to be made into a sub-account in the Reserve Account, Maximum Annual Debt Service shall mean, at any time, the maximum amount, if any, required to be deposited during 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.

"Original Resolution" means the resolution adopted by the Governing Board on January 10, 1989, as amended and restated in its entirety on June 13, 2000, and as amended and supplemented through the date of the Authorizing Resolution.

"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; and

(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 or the Board of Regents.

"Parity Bonds" means the 2005A Bonds, the 2011A Bonds, the 2012A Bonds, the 2013A Bonds and any Additional Parity Bonds.

"Pledged Revenues" means the net revenues of the Housing System, after deducting from Gross Revenues the Current Expenses.

"Principal Payment Date" means, for each Series of Bonds, the dates during each Fiscal Year on which the principal of the Outstanding Bonds of such Series is payable, as set forth pursuant to a subsequent resolution of the Division of Bond Finance.

"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 all or a portion of the outstanding 2005A Bonds.

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

"Registered Owner" means any person who shall be the registered owner of any Bond.

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

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

"Reserve Account Letter of Credit" means the irrevocable, transferable letter of credit, if any, in lieu of or in partial substitution for cash or securities on deposit therein. The issuer providing such Reserve Account Letter of Credit shall be a banking association, bank or trust company, or branch thereof 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 secured by such subaccount, or (2) 125% of the average annual debt service on the Bonds secured by such subaccount, but not to exceed 10% of the par amount of the Bonds secured by such subaccount.

"Resolution" means, collectively, the Original Resolution as amended and supplemented through the Authorizing Resolution.

"Revenue Fund" means the University of Florida Housing System Revenue Fund established in 1959 and continued by section 4.03 of the Original Resolution.

"Series" or "Series of Bonds" means all of the Bonds authenticated and delivered on original issuance pursuant to the 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 Resolution, regardless of variations in maturity, interest rate or other provisions.

"Sinking Fund" means the fund created by subsection 5.01 (B) of the Original Resolution.

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

"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 created by the Resolution, as maybe provided in a subsequent resolution of the Division.

"University" means the University of Florida.

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.

RESOLUTION

WHEREAS, on January 10, 1989, the Governor and Cabinet, sitting as the Governing Board of the Division of Bond Finance of the State of Florida Department of General Services (the "Division"), approved a resolution (the "Original Resolution") authorizing a bond issue in an amount not to exceed Seven Million Five-Hundred Thousand Dollars (\$7,500,000) (the "1989 Bonds"), for construction of a single student apartment facility, and associated costs; and

WHEREAS, the Original Resolution was amended and restated on April 25, 1989, and was amended on June 13, 1989, October 20, 1992 and May 11, 1993; and

WHEREAS, Section 6.01(B) of the Original Resolution requires that, prior to the issuance of additional parity bonds, all previously authorized bonds shall have been issued and delivered, or authority for the issuance and delivery of any unissued portion thereof shall have been canceled;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNOR AND CABINET AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE:

(A) That the Original Resolution, as amended and restated on April 25, 1989, and as amended on June 13, 1989, October 20, 1992 and May 11, 1993, is hereby restated in its entirety, as follows:

"A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$7,500,000 STATE OF FLORIDA BOARD OF REGENTS UNIVERSITY OF FLORIDA HOUSING REVENUE BONDS, SERIES 1989, TO FINANCE THE CONSTRUCTION OF A SINGLE STUDENT APARTMENT FACILITY AT THE UNIVERSITY OF FLORIDA; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION THEREWITH 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 OF FLORIDA DEPARTMENT OF GENERAL SERVICES ON BEHALF OF AND FOR THE BENEFIT 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 "Resolution") is adopted pursuant to the provisions of Article VII, Section ll(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 Department of Education of the State of Florida (hereinafter "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 single-student apartment facility (hereinafter defined and referred to as "the 1989 Project") at the University of Florida (hereinafter the "University") is necessary, desirable and in the best interest of the University.
- (C) The Board of Regents, by resolution adopted November 21, 1988, has requested the Board of Education and the Division of Bond Finance of the State of Florida Department of General Services (hereinafter the "Division of Bond Finance") to take the necessary actions required for the issuance of the State of Florida Board of Regents University of Florida Housing Revenue Bonds, Series 1989, to finance the 1989 Project.
- (D) The State at this time is without immediately available funds to make the capital outlay necessary for the renovation and construction of the 1989 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 1989 Project.
- (F) (1) The 1989 Project shall be the construction and establishment of a single-student apartment facility substantially in accordance with the plans and specifications as may be approved by the Board of Regents from time to time.
 - (2) The Florida Legislature approved the 1989 Project in Section 60 of Chapter 88-557, Laws of Florida.
- (G) The anticipated revenues to be derived by the Board of Regents will be sufficient to pay the principal of and interest on all of the Prior Lien Bonds (as hereinafter defined) and Bonds to be issued pursuant to this Resolution, and to make all Reserve, Sinking Fund, and other payments provided for herein.
- (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 in the manner provided by this Resolution, consisting of the Pledged Revenues as herein 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 II(d), Florida Constitution, and shall be payable solely from funds derived from sources other than state tax revenues or rents or fees paid from 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) The Board of Control of Florida, as the predecessor of the Board of Regents, has heretofore created the Housing System of the University of Florida and issued \$9,962,000 University of Florida Housing Revenue Bonds, Series A, B, C and D.
- (M) The Board of Regents has heretofore authorized certain additions to the Housing System at the University of Florida and has issued \$5,230,000 University of Florida Housing Revenue Bonds, Series E and F.
- (N) The Board of Regents has previously acquired and renovated certain existing housing facilities and buildings, known as the 1974 Project, and the Division of Bond Finance has issued on behalf of the Board of Regents the \$2,880,000 University of Florida Housing System Revenue Bonds, Series of 1974 (the "1974 Bonds"), to pay the costs thereof.
- (O) The Board of Regents has heretofore authorized certain renovations to the Murphree Area Dormitories at the University of Florida, and the Division of Bond Finance has issued on behalf of the Board of Regents, the \$3,500,000 University of Florida Housing Revenue Certificates, Series 1984.
- (P) It is in the best interest of the citizens and inhabitants of the State to authorize the addition of certain dormitories to the existing Housing System at the University, as provided herein.
- (Q) The lien of the \$7,500,000 University of Florida Housing Revenue Bonds, authorized to be issued pursuant to this Resolution, will be junior and subordinate to the lien of the outstanding University of Florida Housing Revenue Bonds, Series A through F, on the Pledged Revenues as defined herein, junior and subordinate to the lien of the 1974 Bonds on said Pledged Revenues, and junior and subordinate to the lien of the Outstanding University of Florida Housing Revenue Certificates, Series 1984, on said Pledged Revenues.
- (R) The Board of Regents is in full compliance with all obligations on its part in connection with the outstanding University of Florida Housing Revenue Bonds, Series A through F, the University of Florida Housing Revenue Bonds, Series of 1974, and University of Florida Housing Revenue Certificates, Series 1984.

- (S) The Board of Regents is authorized and agrees to pay for the retirement of the 1989 Bonds from the Pledged Revenues.
- (T) It is in the best interests of the Board of Regents and the citizens and inhabitants of the State of Florida that the cost of the 1989 Project be financed as contemplated by the legal authorities referred to in this Resolution and in the manner provided hereby.
- **Section 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance of the 1989 Bonds by those who shall hold the same from time to time, this Resolution, as amended and supplemented from time to time, shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board of Regents, the University and such Bond Holders. The covenants and agreements to be performed by the Division of Bond Finance, 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 Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein or herein.
- **Section 1.04. DEFINITIONS.** The following terms shall have the following meanings in this Resolution unless the text otherwise requires:
- "Act" or "Acts" shall mean the State Bond Act, Sections 215.57-215.84, Florida Statutes; and Chapters 240 and 243, Florida Statutes.
- "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 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 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.
- "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.
- "Bond Amortization Account" shall mean the account within the 1989 Housing System Bond Interest and Sinking Fund created pursuant to Section 5.01 of the Resolution.
- "Bond Counsel" shall mean counsel, experienced in matters relating to the validity of, and the tax exemption of interest on, obligations of states and their political subdivisions, as selected by the Division of Bond Finance.
- "Bond Insurance Policy" 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 the Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.
 - "Bond Registrar/Paying Agent" shall mean Citibank, N.A., New York, New York, or its successor.
- "1974 Bonds" shall mean the State of Florida Division of Bond Finance of the Department of General Services University of Florida Housing System Revenue Bonds, Series of 1974.
 - "1959 Bonds" shall mean the University of Florida Housing Revenue Bonds, Series A, B, C, D, E and F.
- "Bonds" or "1989 Bonds" shall mean the not to exceed \$7,500,000 University of Florida Housing Revenue Bonds, Series 1989, and any additional parity bonds issued in accordance with Section 6.01 hereof.
- "Certificates" or "1984 Certificates" shall mean the State of Florida Board of Regents University of Florida Housing Revenue Certificates, Series of 1984.
- "1989 Construction Fund" or "1989 Construction Trust Fund" shall mean a trust fund in which shall be deposited the net proceeds of the 1989 Bonds and other available moneys for the construction of the 1989 Project.

"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 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, 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.

"Debt Service Reserve Account" or "Reserve Account" shall mean the account within the 1989 Housing System Bond Interest and Sinking Fund created pursuant to Section 5.01 of the Resolution and which shall include any subaccounts established for a particular Series of Bonds.

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

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

"Gross Revenues" shall mean all fees, rentals or other charges and income received by the Board of Regents 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, together with all receipts and income of any kind derived from the Housing System, without any deductions whatever, and specifically including, without limiting the generality of the foregoing, room rental income, linen rental fees, and any special rental fees or charges for services or space provided.

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

"Housing System" or "University of Florida Housing System" shall mean those dormitory units, apartments, or other living units at the University, the revenues of which are pledged to the Prior Lien Obligations and, the Bonds, together with such additions thereto as shall be made from time to time. The Housing System consists of facilities known as Broward, Hume, Rawlings, Corry, Schucht, Jennings, Graham, Trusler, Simpson, East, Beaty Towers, University Village South, Fletcher, Sledd, Buckman, Thomas, Murphree, Tolbert, North, South, Weaver, Yulee, Mallory and Reid. The 1989 Project shall be added to the Housing System upon its completion.

"1989 Housing System Bond Interest and Sinking Fund" shall mean the fund created in Section 5.01 (B) of this Resolution.

"Outstanding", when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

- (i) Bonds theretofore canceled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;
 - (ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided herein;
- (iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser; 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.

"Pledged Revenues" shall mean the net revenues of the Housing System after deducting from Gross Revenues the Current Expenses and amounts required for the Prior Lien Obligations.

"Prior Lien Obligations" shall mean the University of Florida Housing Revenue Bonds, Series A through F, the 1974 Bonds, and the 1984 Certificates outstanding from time to time.

"Project Costs" shall mean the actual costs of the 1989 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 1989 Project; advances by the

Board of Regents for renovation or construction; 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; fees and expenses of the Division of Bond Finance or the Board of Regents necessary to the construction and placing in operation of the 1989 Project and the financing thereof.

"1989 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 the State Board of Education, and is more specifically described as follows:

The design, construction, sitework, parking and equipment for a 108 unit single student apartment facility to house up to 422 students and related supporting spaces.

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

"Rebate Amount" shall have the meaning ascribed to that term in Section 3.05 of this Resolution.

"Rebate Fund" shall mean the Rebate Fund created and established pursuant to Section 3.05 of this Resolution.

"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.

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

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

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

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

"Reserve Requirement" or "Debt Service Reserve Requirement" shall mean with respect to each subaccount in the Debt Service Reserve Account, the lesser of (1) the maximum annual debt service requirement on the Bonds secured by such subaccount, or (2) 1.25% of the average annual debt service on the Bonds secured by such subaccount, but not to exceed 10% of the proceeds of the Bonds secured by such subaccount.

"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 1989 Bonds.

"1959 Resolution" shall mean the resolution adopted by the Board of Control, authorizing the issuance of University of Florida Housing System Revenue Bonds, Series A, B, C & D in 1959; together with the resolution of the Board of Regents authorizing the issuance of University of Florida Housing System Revenue Bonds, Series E in 1965, and the resolution of the Board of Regents authorizing the issuance of University of Florida Housing System Revenue Bonds, Series F in 1968, as subsequently amended.

"1974 Resolution" shall mean the resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance of the Department of General Services authorizing the issuance of the 1974 Bonds.

"1984 Resolution" shall mean the resolution adopted by the Governor and Cabinet as the State Board of Education authorizing the issuance of the 1984 Certificates.

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

"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.

"State Board" shall mean the State Board of Education of Florida, as constituted pursuant to Article IX, Section 2 of the Florida Constitution.

"Sinking Fund" or "1989 Sinking Fund" shall mean the fund created by subsection 5.01(B) of this Resolution.

"State" shall mean the State of Florida.

"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 1989 Housing System Bond Interest and Sinking Fund, hereinafter created, as may be provided in a subsequent resolution of the Division.

"University" shall mean the University of Florida.

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 1989 BONDS. Subject and pursuant to the provisions of this Resolution, fully registered revenue bonds of the Board of Regents of the State University System to be known as "State of Florida Board of Regents University of Florida Housing Revenue Bonds, Series 1989", 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 Seven Million Five Hundred Thousand Dollars (\$7,500,000), for the purpose of financing the construction and equipping of the 1989 Project as described herein.

Section 2.02. DESCRIPTION OF 1989 BONDS. The 1989 Bonds shall be issued in fully registered form without coupons; shall be dated as determined by 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 semiannually each July 1 and January 1; and shall mature on July 1 of each year in such years and amounts as shall be determined by subsequent resolution adopted by the Division on or prior to the sale of the Bonds.

The 1989 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 letter. All of such 1989 Bonds, when issued, will rank equally as to source and security for payment and in all other respects with all then outstanding Bonds of any Series.

Interest shall be paid on January 1 and on July 1 to the Registered Owner whose name appears on the books of the Bond Registrar/Paying Agent as of 5:00 p.m. (local time, Tallahassee, Florida) on the Record Date next preceding such interest payment date.

Section 2.03. 1989 BONDS MAY BE ISSUED AS SERIAL BONDS OR TERM BONDS. The 1989 Bonds may be issued as Serial Bonds, Term Bonds, or a combination of both, as shall be determined by resolution of the Division of Bond Finance adopted prior to sale of the Bonds.

Section 2.04. PRIOR REDEMPTION OF THE 1989 BONDS. The Bonds of each Series may be made redeemable in such manner and upon such terms and conditions as are determined pursuant to the resolution authorizing such Bonds.

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

The Bond Registrar/Paying Agent shall not be required (a) to issue, transfer or exchange any Bonds 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; or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of 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 Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been published and mailed and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the State Board, or the Bond Registrar/Paying Agent, in trust for the Holders of the Bonds or portions thereof to be redeemed, all as provided in this Resolution or the applicable authorizing resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Resolution or the applicable authorizing resolution, and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the final paragraph of this Section, to receive Bonds for any unredeemed portion of the Bonds. Any and all of the 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 as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

- (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 Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each 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 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 Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, Pacific Securities Depository Trust Company, San Francisco, California 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 Bonds.
- (C) Each further notice of redemption shall be published one time in The Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

In case part but not all of an Outstanding Bond shall be selected for redemption, the Holder thereof shall present and surrender such 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 Bond Holder,

without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

Section 2.05. EXECUTION OF 1989 BONDS. The 1989 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 by 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's certificate of authentication shall appear on the 1989 Bonds, signed by an authorized signatory of said bond registrar. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the 1989 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 1989 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 1989 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such 1989 Bonds had not ceased to hold such office. Any 1989 Bond may be signed and sealed on behalf of the Board of Regents by such person as at the actual time of the execution of such 1989 Bond shall hold the proper office, although at the date of such 1989 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 1989 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 2.06. NEGOTIABILITY. The 1989 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 1989 Bonds shall be conclusively deemed by his acceptance thereof to have agreed that the 1989 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 2.07. REGISTRATION. The 1989 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 the Registrar, Paying Agent and Transfer Agreement, dated October 1, 1988 as amended, or successor agreement, between Citibank, N.A., and the Board of Administration.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 1989 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 1989 Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

All 1989 Bonds presented for transfer, exchange, redemption or payment (if so required by the Division of Bond Finance or the Bond Registrar/Paying Agent) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the 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 1989 Bonds. However, the Division of Bond Finance and the Bond Registrar/Paying Agent may require payment from the 1989 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 1989 Bond shall be delivered.

New 1989 Bonds delivered upon any transfer or exchange shall be valid obligations of the Board of Regents evidencing the same debt as the 1989 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 1989 Bonds surrendered.

The Board of Regents and the Bond Registrar/Paying Agent may treat the Registered Owner of any 1989 Bond as the absolute owner thereof for all purposes, whether or not such 1989 Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any 1989 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 2.07, 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 1989 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 2.08. AUTHENTICATION. No 1989 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution or the 1989 Resolution unless and until a certificate of authentication on such 1989 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 1989 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 1989 Bonds issued hereinafter.

Section 2.09. DISPOSITION OF 1989 BONDS PAID OR EXCHANGED. Whenever any 1989 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 1989 Bonds 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 and the State Board of Administration, or, at the option of the Division of Bond Finance and the State 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.

Section 2.10. 1989 BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any 1989 Bond shall become mutilated, or be destroyed, stolen or lost, the Division of Bond Finance may in its discretion issue and deliver a new 1989 Bond of like tenor as the 1989 Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated 1989 Bond, upon surrender and cancellation of such mutilated 1989 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 1989 Bonds so surrendered shall be canceled by the Board of Regents or the Registrar, as its agent. If any such 1989 Bond shall have matured or be about to mature, instead of issuing a substitute 1989 Bond, the Division of Bond Finance may pay the same, upon being indemnified as aforesaid, and if such 1989 Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate 1989 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 1989 Bond be at any time found by anyone and such duplicate 1989 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 2.11. FORM OF 1989 BONDS. The text of the 1989 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:

REGISTERED NUMBER	_
R -	

UNITED STATES OF AMERICA

STATE OF FLORIDA BOARD OF REGENTS UNIVERSITY OF FLORIDA HOUSING REVENUE BONDS, SERIES 1989

MATURITY DATE	
INTEREST RATE	
DATED DATE	
REGISTERED OWNER	
PRINCIPAL AMOUNT	DOLLARS
KNOW ALL MEN BY THESE PRESENTS that the Board of Reger	nts of the Division of Universities of the
Department of Education of the State of Florida, a public body corporate (herein for value received, hereby promises to pay to, or registered assistance).	
described, on the 1st day of, unless redeemed prior thereto as her	einafter provided upon the presentation
and surrender hereof at the principal office of, as Paying Agent,	Onlars (\$) and to pay to the
registered owner hereof, solely from such special funds, by check or draft mai	
rapid as mailing) to such registered owner at his address as it appears, at 5:00 p	
the Record Date, on the registration books of the Board of Regents kept by the	
hereinafter referred to, interest on such principal sum from the date hereof at the	
per annum until the payment of said principal sum, such interest being payable	
day of July in each year, commencing, 1989. The Record Date for and the Record Date for the July 1 payment is June 15. The principal of this C	Certificate is payable in lawful money of
the United States of America.	
This Bond is one of an authorized issue of Bonds in the aggregate p Hundred Thousand Dollars (\$7,500,000) issued for the purpose of financing p	part of the cost of the construction of the
1989 Project, as defined in the Resolution, at the University of Florida, and pur	
thereto (hereinafter referred to as "1989 Project"), to be operated and maintaine	
authority of and in full compliance with the Constitution and Statutes of the	
Sections 215.57-215.83, Florida Statutes, and Chapters 240 and 243, Florida S	
of law, and a Resolution duly adopted by the Governor and Cabinet of the Star	
the Division of Bond Finance, on the day of, 198 is subject to all the terms and conditions of said Resolution.	increm referred to as Resolution), and
is subject to an the terms and conditions of said Resolution.	

(Insert redemption provisions)

This Bond is secured by a lien upon and is payable solely from the net revenues of the University of Florida Housing System, after providing for Current Expenses and the Prior Lien Obligations. The lien of the 1989 Bonds is junior and subordinate to the lien of the University of Florida Housing Revenue Certificates, Series A through F, to the lien of the Division of Bond Finance University of Florida Housing System Revenue Bonds, Series of 1974, and to the lien of the University of Florida Housing Revenue Certificates, Series 1984, upon the Pledged Revenues.

This Bond is a "revenue bond" within the meaning of Article VII, Section II(d), of the Constitution of Florida, and shall be payable solely from the special funds described herein and more specifically in the Resolution, which special funds are derived directly from sources other than State tax revenues.

This Bond has all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State of Florida. The original holder and each successive holder of this Bond shall be conclusively deemed by his acceptance hereof to have agreed that this Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

This Bond may be transferred only upon the books of the Board of Regents kept by the Bond Registrar under the Resolution upon surrender hereof at the principal office of the Bond Registrar with an assignment duly executed by

the registered owner or his duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon any such transfer, there shall be executed in the name of the transferee, and the Bond Registrar shall deliver, a new registered bond or certificates in the same aggregate principal amount and series, maturity and interest rate of the authorized denominations as the surrendered certificates.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of this Bond, and the issue of Bonds of which this Bond is one, does not violate any Constitutional or Statutory limitation of indebtedness.

Regents and has facsimile signathe Vice-Chair	as caused the same to be signature, and the corporate seal of	gned by the Chairman of the of the Board of Regents to be	as issued this Bond on behalf of the Board of e Board of Regents or to be executed with his affixed hereto or imprinted hereon, attested by mile signature, all as of the first (1st) day of
		STATE	BOARD OF REGENTS
ATTEST:	Vice-Chairman	Chairman	
	APPROVAL CERTI	FICATE OF THE DIVISIO	N OF BOND FINANCE
	ssuance of this Bond has been 215.83, Florida Statutes, by		ons of the State Bond Act, comprising Sections Division of Bond Finance.
		STATE	ON OF BOND FINANCE OF THE OF FLORIDA DEPARTMENT OF ALL SERVICES
		BY:	GERALD LEWIS, Comptroller of the State of Florida as Secretary of the Governing Board of the Division of Bond Finance of the State of Florida Department of General Services

CERTIFICATE OF VALIDATION

of the Second Judicial Circuit in and for Leon County, Florida	idated and confirmed by Judgment of the Circuit Court is, rendered on, 1989.
	Governor, as Chairman of the Division of Bond Finance of the State of Florida
ASSIGNM	ENT
For value received the undersigned sells, assigns and	transfers unto
(PLEASE PRINT OR TY	PEWRITE NAME
AND ADDRESS INCLUDING ZIP	
the within Bond of the State of Florida Board of Regents and l	hereby irrevocably constitutes and appoints
for registration thereof, with full power of substitution in the p	, attorney to transfer the said Bond on the books kept premises.
Dated	
Witness:	

ARTICLE III APPLICATION OF PROCEEDS

Section 3.01. CONSTRUCTION OF THE PROJECT. The Board of Regents is authorized to acquire and construct the 1989 Project from the proceeds of the sale of the 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 1989 Bonds the Board of Regents shall transfer and apply such proceeds as follows:

- (l) The amount agreed upon by the Board of Regents and the Division of Bond Finance as being necessary to pay all costs and expenses of the Division of Bond Finance in connection with the preparation, validation, issuance, and sale of the 1989 Bonds, including a reasonable service charge of the Division of Bond Finance for its fiscal services, shall be transferred to the Division of Bond Finance and deposited in the Bond Fee Trust Fund.
- (2) An amount of money shall be deposited to the credit of the sub-account in the Debt Service Reserve Account established for such Series of Bonds in the aggregate amount necessary to make the amount to the credit of such sub-account equal to the Debt Service Reserve Requirement for such sub-account. The Debt Service Reserve Account need not be fully funded at the time of issuance of such Series of Bonds if the Division elects by Resolution adopted prior to issuance of such Series of Bonds, subject to the limits described below, to fully fund the applicable sub-account in the Debt Service Reserve Account over a period specified in such resolution not to exceed sixty (60) months from the date of issue, during which it shall make substantially equal monthly installments in order that the amounts on deposit therein at the end of such period shall equal the Debt Service Reserve Requirement for such sub-account. The Debt Service Reserve Account subaccount for any Series of Bonds may be funded wholly or partially at any time by a Reserve Account Credit Facility in an amount which, together with sums on deposit, is equal to the Debt Service Reserve Requirement for such Series of Bonds. Such Reserve Account Credit Facility as provided above must provide for payment on any interest payment date or principal payment date on which a deficiency exists in moneys held hereunder for a payment with respect to the Bonds which cannot be cured by funds in any other account held pursuant to this resolution and available for such purpose, and which shall name the Bond Registrar/Paying Agent or the Board of Regents for the benefit of the Bondholders as the beneficiary thereof. In no event shall the use of such Reserve Account Credit Facility be permitted if it would cause an impairment in any existing rating on the Bonds or any Series thereof. If the applicable sub-account in the Debt Service Reserve Account is to be funded in installments, upon the issuance of any additional parity Bonds, the deposits required pursuant to the foregoing may be limited to the amount which will be sufficient to pay the required monthly installments specified in such resolution, plus an additional amount necessary to make up any deficiencies caused by withdrawals or resulting from the semiannual valuation of the funds on deposit

therein. If a disbursement is made from a Reserve Account Credit Facility, the Board of Regents shall be obligated to either reinstate the maximum limits of such Reserve Account Credit Facility immediately following such disbursement or to deposit funds into the applicable sub-account in the Debt Service Reserve Account in the amount and manner provided under Section 5.01(B) of this Resolution.

- (3) 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 1989 Bonds.
- (4) After making the transfers provided for in subsections (l), (2) and (3) above, the balance of the proceeds of the 1989 Bonds shall be transferred to and deposited in the 1989 Project Construction Trust Fund (hereinafter referred to as "Construction Trust Fund"), which is hereby created in the State Treasury.

Any unexpended balance remaining in the 1989 Construction Fund, after a consulting architect shall certify that the 1989 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 1989 Bonds, the Board of Regents covenants that it will deposit in the 1989 Construction Fund additional funds legally available for such purpose which, together with the proceeds of the 1989 Bonds, will be sufficient to finance the total 1989 Project Costs. Any such additional funds, other than the proceeds of the 1989 Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the Bonds issued pursuant to this Resolution. Such additional funds, if any are required, shall be deposited in the 1989 Construction Fund by the Board of Regents on its own initiative, and in any event promptly upon the request of the original purchaser of the 1989 Bonds or of any other Bonds issued pursuant to this Resolution; provided, however, that this provision shall not be deemed to obligate the Board of Regents to deposit any moneys in said 1989 construction Fund except funds legally available for such purpose.

All moneys in said 1989 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, 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 Florida for securing deposits of state funds.

Section 3.03. INVESTMENT OF CONSTRUCTION TRUST FUND. Any moneys in the 1989 Construction Trust Fund not immediately needed for the purposes provided in this Resolution, may be temporarily invested and reinvested as provided in Section 215.47, Florida Statutes.

Section 3.04. BOND HOLDERS NOT AFFECTED BY APPLICATION OF BOND PROCEEDS. The Bond Holders shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the 1989 Bonds, and the rights and remedies of the Bond Holders and their right to payment from the Pledged Revenues provided in this Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the 1989 Bonds, all the covenants and agreements contained in this Resolution shall be valid and binding covenants and agreements, which may be enforced by the Bond Holders against the Board of Regents, without regard to the application of the proceeds of the 1989 Bonds.

Section 3.05 COMPLIANCE WITH TAX REQUIREMENTS: REBATE FUND. (A) In addition to any other requirement contained in this Resolution, the Division of Bond Finance, 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 dated and delivered on the date of original issuance and delivery of the Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division of Bond Finance, the Board of Regents and the Board of Administration covenant and agree:

(1) to pay or cause to be paid by the Board of Administration to the United States of America from the Pledged Revenues or any other legally available funds, at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess (the "Rebate Amount");

- (2) to maintain and retain or cause to be maintained and retained all records pertaining to calculations of the Rebate Amount as shall be necessary to comply with the Code;
- (3) to refrain from using proceeds from the Bonds in a manner that might cause the Bonds or any portion of them, to be classified as private activity bonds under Section 141(a) of the Code; and
- (4) 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 Division of Bond Finance, the Board of Regents 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 Board of Regents covenants and agrees that it shall maintain and retain all records pertaining to calculations of the Rebate Amount for each series of Bonds issued hereunder and it agrees to provide such records to the Division of Bond Finance upon request for the purpose of making or having made all determinations and calculations of the Rebate Amount.
- (C) The Division of Bond Finance covenants and agrees that it will make or have made all determinations and calculations of the Rebate Amount for each series of Bonds issued hereunder for each Rebate Year within sixty (60) days after the end of such Rebate Year and within thirty (30) days after the final maturity of each such series of Bonds. On or before the expiration of each such sixty (60) day period, the Division shall direct the Board of Administration to deposit into the Rebate Account which is hereby created and established in the Sinking Fund, from investment earnings or moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Board of Regents an amount equal to the Rebate Amount for such Rebate Year. The Board of Administration shall use such moneys deposited in the Rebate Account only for the payment of the Rebate Amount to the United States as required by subsection (A) of this section, and as directed by the Division of Bond Finance, which payments shall be made in installments, commencing not more than 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 may rely upon any instructions or opinions from a nationally recognized Bond Counsel.

Notwithstanding anything in this Resolution to the contrary, to the extent moneys on deposit in the Rebate Account 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 are insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder.

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

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

The Division of Bond Finance, the Board of Regents and the Board of Administration shall not be required to continue to comply with the requirements of this section in the event that the Division of Bond Finance receives an opinion of nationally recognized Bond 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.

Notwithstanding any of the above, the Board of Regent's responsibilities and duties pursuant to paragraphs (A)(1), (2), or (B) of this section may be assumed in whole or in part by the Division of Bond Finance or another entity as provided by law, administrative rule, or resolution of the Division of Bond Finance.

ARTICLE IV APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES

Section 4.01. BONDS SECURED BY PLEDGED REVENUES. (A) The payment of the Bonds and all interest charges, and debt service thereon shall be secured forthwith equally and ratably by a valid and enforceable lien on the Pledged Revenues as provided for in this Resolution and to be received under this Resolution, and such Pledged Revenues 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 of Florida, 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 of Florida, 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. FEES, RENTALS OR OTHER CHARGES. 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, as will always provide revenues sufficient to pay all Current Expenses, as defined herein, and other costs of operating and maintaining the Housing System and, to make or provide for payments required from said Pledged Revenues in connection with the Prior Lien Obligations, and the Bonds, as the same become due, to build up in the Sinking Fund the debt service reserve and to make all other payments provided for in this Resolution, and that such fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Whenever in any year the amounts of 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 mandatory 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 4.03. HOUSING SYSTEM REVENUE FUND. The entire Gross Revenues, as defined herein, derived from the operation of the Housing System, shall be deposited by the Board of Regents with the State Treasurer of Florida in a trust fund known as the "University of Florida Housing System Revenue Fund" (hereinafter referred to as "Revenue Fund") which fund was created by the 1959 Resolution. 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 Board of Regents and used only for the purposes and in the manner provided in the 1959 Resolution, the 1974 Resolution, the 1984 Resolution, and this Resolution.

- **Section 4.04. 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 of Florida for the securing of deposits of State funds. The Bond Holders shall have a lien on moneys in the Sinking 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 4.05. FISCAL AGENT.** Upon sale and delivery of the Bonds by the Division of Bond Finance on behalf of the Board of Regents, the State Board of Administration shall act as the fiscal agent for the Board of Regents.

ARTICLE V DISPOSITION OF REVENUES

Section 5.01. DISPOSITION OF REVENUES. All revenues on deposit at any time in the Revenue Fund shall be applied only in the following manner and order of priority:

- (A) (1) Revenues will first be used for payment of all Current Expenses of the Housing System, as required by the 1959 and 1984 Resolutions.
- (2) After providing for current expenses, revenues shall next be used to make the required deposits to the sinking fund, including debt service reserve accounts, and Housing System Building Maintenance and Equipment Reserve Fund, and other required deposits, for the Prior Lien Obligations, in accordance with the 1959 Resolution, the 1974 Resolution and the 1984 Resolution.
- (B) All revenues remaining in the Revenue Fund after satisfying subsection (A) above shall first be deposited with the Board of Administration in the "1989 Housing System Bond Interest and Sinking Fund" (hereinafter "Sinking Fund"), which is hereby created, until there is accumulated in said Sinking Fund an amount sufficient to pay in the following order:
- (1) the next installments of principal and interest to become due on the 1989 Bonds and any additional parity Bonds during the then current year, including Amortization Installments for any Term Bonds which funds shall be deposited into the Bond Amortization Account which is hereby created; and
- (2) amounts, as a debt service reserve, in each subaccount within the Sinking Fund, which shall be equal to the Reserve Requirement on all Bonds secured by such subaccount outstanding or sufficient to satisfy the installment required by Section 3.02 if the Reserve Account is to be funded over a 60 month period. This paragraph (2) shall not apply to that portion of the subaccount of the Reserve Account established for any Series of Bonds for which a Reserve Account Credit Facility has been provided pursuant to paragraph 3.02(A)(2) hereof.

In the event funds on deposit in the Sinking Fund are not sufficient to pay in full the principal and/or interest next coming due on the Bonds, then on or before June 15 and December 15 such amounts as may be necessary to pay such maturing principal and/or interest on the Bonds then outstanding, shall be transferred to the Sinking Fund from the appropriate subaccount of the Reserve Account.

Any withdrawals from the Reserve Account, including disbursements made under a Reserve Account Credit Facility, shall be subsequently restored (or, in the case of a Reserve Account Credit Facility, the provider thereof shall be reimbursed the amount of such disbursement) from the first revenues available after all required Current Expenses and current payments for the Prior Lien Obligations and the Sinking Fund, including any deficiencies for prior payments, have been made in full.

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

- (C) (1) 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 Revenue Fund shall be transferred to the Housing System Building Maintenance and Equipment Reserve Fund established by the 1959 Resolution, as hereinafter provided:
- (a) The amount required to be deposited in the Housing System Building Maintenance and Equipment Reserve Fund for each Series of Bonds issued pursuant to this Resolution shall be an amount which bears the same ratio to the existing total balance required to be maintained in the Housing System Building Maintenance and Equipment Reserve Fund by the resolutions authorizing the 1959 Bonds, the 1984 Bonds, and each Series of Bonds theretofore issued, plus the amount required to be deposited for the proposed Series of Bonds, as (i) the estimated book value of the housing facilities to be financed by such new Series of Bonds bears to (ii) the then-present book value of the housing facilities to be financed by such new Series of Bonds. For the purposes of this paragraph (C)(1), "housing facilities" shall not include remodeling, renovation or repair of existing facilities. The formula demonstrating this requirement is:

New Series Requirement = <u>Estimated Book Value New Project</u>
Existing Requirement + New Series Req. = <u>B.V. Current Sys.</u> + Est. B.V. New Proj.

- (b) Deposits to the Building Maintenance and Equipment Reserve Fund for each Series of Bonds may be made periodically, but shall be made at least once each Fiscal Year until the total amount required by subparagraph 5.01(C)(1)(a) has been deposited, and until any moneys drawn from such fund have been replenished. Such periodic deposits shall, at a yearly minimum, be equal to ten percent of the total amount required to be deposited pursuant to subparagraph 5.01(C)(1)(a).
- (c) The book value of the housing facilities comprising the Housing System and of the housing facilities to be financed by such new Series of Bonds shall be determined by a certificate to be filed with the Secretary of the Board of Regents by an appropriate financial officer of the University of Florida, which certificate shall also be approved in writing by an independent certified public accountant.
- (2) Deposits to the Building Maintenance and Equipment Reserve Fund pursuant to this subsection 5.01(C) shall be in addition to those required by the 1959 Resolution and the 1984 Resolution, as amended (which amounts shall be deposited at the times and in the priority required by such resolutions). Nothing herein shall restrict the University from funding the Housing System Building Maintenance and Equipment Reserve Fund in an amount greater than that required by this subsection 5.01(C).
- (3) The moneys in said Building Maintenance and Equipment Reserve Fund may be drawn on and used by the Board of Regents 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 Housing System.
- (4) In the event the moneys in the Sinking Fund and Reserve Account therein on any June 15 or December 15 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 in excess of the amount required by the 1959 Resolution and the 1984 Resolution as amended, shall be transferred to the Sinking Fund to the extent necessary to eliminate such deficiencies and to avoid a default.
- (D) All revenues remaining in the Revenue Fund at the close of each Fiscal Year, after all payments or balances required in (A), (B) and (C) above have been made or maintained, may be used by the Board of Regents, in its discretion, for any expenditures, including the payment of debt service, improving or restoring any existing housing and dining facilities or providing any such additional facilities, or to redeem the then outstanding Prior Lien Obligations or Bonds.
- (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 Building Maintenance and Equipment Reserve Fund created by the 1959 Resolution, and the Sinking Fund and the Reserve Account created herein, 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 of Florida.
- **Section 5.02. INVESTMENT OF REVENUES.** 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, such obligations and the income therefrom shall be held for and the proceeds thereof on resale shall be 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 VI ADDITIONAL PARITY BONDS AND REFUNDING REQUIREMENTS

- **Section 6.01. ISSUANCE OF ADDITIONAL PARITY BONDS.** The Division of Bond Finance is authorized to issue additional parity bonds after the issuance of the 1989 Bonds authorized by this Resolution, but only upon the following terms, restrictions and conditions:
- (A) The proceeds from such additional parity bonds shall be used to acquire and construct capital improvements to the 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 certify favorably as to the advisability of the issuance of such additional parity bonds.
- (D) The Board of Administration, after it determines that there will be sufficient available funds from the Pledged Revenues to pay debt service on the Prior Lien Bonds, the Bonds and, any additional parity bonds theretofore issued and outstanding, and the additional parity bonds proposed to be issued, without jeopardy to such outstanding Bonds, shall approve the fiscal sufficiency of such additional parity bonds.
 - (E) Certificates shall be prepared and executed by the Board of Regents 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) the Maximum Annual Debt Service on (i) the Prior Lien Bonds and Bonds then outstanding (ii) any previously issued and outstanding parity bonds and (iii) the additional parity bonds then proposed to be issued.
- (F) (1) 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 the 1959 Resolution, the 1974 Resolution, the 1984 Resolution and of the Resolution and the Board of Regents 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 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 pursuant to Section 6.01(E)(1), will be at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on (i) the Bonds originally issued pursuant to the Resolution and then Outstanding, (ii) any additional parity Bonds theretofore issued and then Outstanding, and (iii) 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, 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 shall have acquired or has contracted to acquire any privately or publicly owned existing housing 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, shall be increased by adding to the Pledged Revenues for said two preceding Fiscal Years the net revenues which would have been derived from said existing housing facility so acquired as if such existing housing facility had been a part of the Housing System during such two Fiscal Years. For the purposes of this paragraph, the net revenues derived from said existing housing 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 housing facility from the gross revenues of said housing facility in the same manner provided in the Resolution for the determination of Pledged Revenues.
- (c) Should the Board of Regents 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 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 6.02. REFUNDING BONDS.** (A) All of the 1989 Bonds, together with any additional parity bonds theretofore issued and then outstanding, or any portion of such outstanding Bonds, may be refunded and the lien of the refunded Bonds preserved for the refunding Bonds.
- (B) In the event the Bonds or any additional parity bonds theretofore issued are refunded, then the holders of the refunding Bonds shall have and enjoy the same lien on the Pledged Revenues and all rights, privileges and remedies which are granted to and vested in the Holders of the Bonds so refunded pursuant to this Resolution, or any resolution supplemental hereto, to the same extent and as fully as if such refunding Bonds constituted the Bonds so refunded. All of the covenants, agreements and provisions in this Resolution relating to the Bonds shall refer to and apply fully to such refunding Bonds issued in compliance with this Section 6.02.

Section 6.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division of Bond Finance covenants that it will not issue any other obligations, except obligations issued to refund Prior Lien Obligations, additional parity Bonds provided for in Section 6.01 hereof, or refunding Bonds provided for in Section 6.02 hereof, payable from the Pledged Revenues nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds 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 provided for in Section 6.01 and 6.02 hereof, shall contain an express statement that such obligations are junior and subordinate to the Prior Lien Obligations and the Bonds issued pursuant to this 1989 Resolution, and any additional parity bonds theretofore or thereafter issued, as to lien on and source and security for payment from such Pledged Revenues.

The Board of Regents specifically covenants that it will not hereafter issue any obligations (excluding refunding obligations) pursuant to the proceedings which authorized the Prior Lien Obligations which will rank on a parity with or senior to the Prior Lien Obligations.

ARTICLE VII COVENANTS

Section 7.01. PLEDGE OF PLEDGED REVENUES. The Board of Regents hereby covenants and agrees with the holders of the 1989 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 in the manner provided in this 1989 Resolution and the holders of the Bonds shall have a valid and enforceable lien on such Pledged Revenues in the manner provided herein.

Section 7.02. PLEDGED REVENUES COVENANTS. The Board of Regents covenants:

- (A) That it will punctually pay the Pledged Revenues provided for in Section 7.01 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 rentals 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, when due, the annual Pledged Revenues under this Resolution.
- (D) To continue to collect the rentals charged all regularly enrolled students and other tenants in the Housing System.

ARTICLE VIII REMEDIES

Section 8.01. ENFORCEABILITY BY BOND HOLDERS. (A) The Division of Bond Finance hereby irrevocably agrees that 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 1989 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 of Florida, or instrumentality thereof having any duties concerning the 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 1989 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 of Florida.

(B) Any holders of the 1989 Bonds, or any trustee acting for the holders of such 1989 Bonds, may by civil action in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, and by any applicable Statutes, to be performed by the Division of Bond Finance, the Board of 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 1989 Project or any other facility of the University, or the Board of Regents, or the Division of Bond Finance.

ARTICLE IX MISCELLANEOUS

Section 9.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division of Bond Finance or the State Board of Administration, except for the benefit of the Bond holders; 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 be inconsistent with the terms of the Loan Agreement executed in connection with the 1984 Bonds provided that no such lease shall be permitted which would adversely affect the exclusion from gross income of interest on the Bonds.

Section 9.02 AMENDMENT OR MODIFICATION OF RESOLUTION. Except as otherwise provided in the second and third paragraph hereof, no material modification or amendment of the 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, 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, 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 ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) 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, (iii) to obtain credit enhancements or a rating in one of the higher rating categories of Moody's Investors Service or Standard and Poor's Corporation, (iv) to add to the covenants and agreements of the Division or the Board of Regents in the Resolution, other covenants and agreements to be observed by the Division or the Board of Regents which are not contrary to or inconsistent with the Resolution as theretofore in effect, (v) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Division or the Board of Regents which are not contrary to or inconsistent with the Resolution as theretofore in effect, (vi) 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, (vii) to enable the Division and the Board of Regents to comply with their covenants,

agreements and obligations under Section 3.05 hereof and (viii) to make any amendment, change, modification or alteration that does not materially adversely affect the interests of the Bond Holders.

Section 9.03. 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 9.04. 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 of Florida and no holder of the Bonds shall have the right to compel or require any appropriation by the Legislature of Florida 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 ll(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 9.05. 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 Bond, 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 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 9.06. DEFEASANCE. (A) If, at any time, the Board of Regents shall have paid, or shall have made provision for payment of, the principal, interest, and redemption premiums, if any, with respect to the 1989 Bonds or any portion thereof, then, and in that event, the pledge of and lien on the funds pledged in favor of the holders of such 1989 Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities (i.e., direct obligations of the United States Government) in irrevocable trust with a banking institution, trust company, or the State Board of Administration for the sole benefit of the Bond Holders in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal, interest, and redemption premiums, if any, on such 1989 Bonds, shall be considered "provision for payment".

If any portion of the moneys or securities 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 may use the amount of such excess for any lawful purpose free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

- (B) Nothing herein shall be deemed to require the Board of Regents or Division of Bond Finance to call any of the 1989 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.
- (C) The Board of Regents is authorized to refund all or a portion of the 1989 Bonds pursuant to the provisions of Section 215.79, Florida Statutes.

Section 9.07. INSURANCE. The Board of Regents will carry such insurance 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. Notwithstanding the foregoing, this does not excuse the Board of Regents from the insurance obligations imposed by the Prior Lien Obligations.

Section 9.08. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the 1989 Bonds, pursuant to Chapter 75, Florida Statutes.

Section 9.09. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

Section 9.10. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED on January 10, 1989, as amended and restated on April 25, 1989, and as amended on June 13, 1989, October 20, 1992 and May 11, 1993 and as restated on June 13, 2000.

(B) That all previously granted authority to issue State of Florida, University of Florida Housing Revenue Bonds is hereby canceled, except for the authority to issue not exceeding \$32,000,000 State of Florida, University of Florida Housing Revenue Bonds, Series 2000, which was granted on February 22, 2000.

ADOPTED ON June 13, 2000.

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

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

September 20, 2011

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

"1998 Bonds" means the \$26,155,000 State of Florida, Board of Regents, University of Florida Housing Revenue Bonds, Series 1998.

"Annual Debt Service" means, for any Fiscal Year, the remaining amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited in such Fiscal Year into the Sinking Fund to pay the interest, principal and Amortization Installment in such Fiscal Year. In the calculation of the Annual Debt Service Requirement, 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, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Annual Debt Service Requirement for that Fiscal Year

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

"Board of Governors" or **"Board"** 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 selects another date on which to end a Bond Year in the manner permitted by the Code.

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

"Director" means the Director of the Division or any Assistant Secretary delegated authority by the Director.

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

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

"Housing System" means those residence halls, apartments, or other living units at the University, the revenues of which are pledged to the Prior Lien Obligations and the Bonds, together with such additions thereto as shall be made from time to time. The Housing System consists of facilities known as Broward, Hume, Rawlings, Corry Village, Jennings, Graham, Trusler,

Simpson, East, Beaty Towers, University Village South, Fletcher, Sledd, Buckman, Thomas, Murphree, Tolbert, North, Riker, Weaver, Yulee, Mallory, Reid, Keys, Springs, Lakeside, Diamond Village and Tanglewood Apartments, and such additional facilities as at some future date may be added to the Housing System.

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

- "Maximum Annual Debt Service" means, 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 into the Sinking Fund during the then current or any succeeding Fiscal Year. For the purpose of calculating the deposits to be made into a sub-account in the Reserve Account, Maximum Annual Debt Service shall mean, at any time, the maximum amount, if any, required to be deposited during 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.
- "Original Resolution" means the resolution adopted by the Governing Board on January 10, 1989 as amended and restated in its entirety on June 13, 2000, and as amended and supplemented through the date of this Resolution.
- "Outstanding Bonds" means the Outstanding 1998 Bonds and the Outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A.
- "Principal Payment Date" means, for each Series of Bonds, the dates during each Fiscal Year on which the principal of the Outstanding Bonds of such Series is payable.
- **"Prior Lien Obligations"** means the State of Florida, Board of Regents, University of Florida Housing Revenue Certificates, Series of 1984.
- "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.
 - "Registered Owner" means any person who shall be the registered owner of any Bond.
 - "Refunded Bonds" means all or a portion of the Outstanding 1998 Bonds to be refunded by the Refunding Bonds.
- **"Refunding Bonds"** means the State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) authorized by this Resolution.
 - "Resolution" means this resolution.

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

- **SECTION 1.02. AUTHORITY FOR THIS RESOLUTION.** This Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Section 1010.62, Florida Statutes; Sections 215.57-215.83, Florida Statutes (the "State Bond Act"); 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. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance of the Refunding Bonds by the Registered Owners, the Resolution shall be deemed to be and shall constitute a contract among the Division, the Board, 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 Outstanding Bonds and the Refunding Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein and herein.

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

SECTION 2.01. AUTHORIZATION OF ISSUANCE AND SALE OF REFUNDING BONDS. (A) Subject and pursuant to the provisions of the Original Resolution, fully registered revenue bonds of the Board to be known as "State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined)" (or such other designation as may be determined by the Director), are hereby authorized to be issued and to be sold at competitive sale in an aggregate principal amount not exceeding \$18,000,000 on a date and at the time to be set out or provided for in the Notice of Bond Sale to be published as provided in this Resolution. The Refunding Bonds shall be sold to refund the Refunded Bonds. The Refunding Bonds may be combined with, designated the same as, and sold with any other series of University of Florida Dormitory Revenue Bonds. The maturities or portions of maturities to be refunded shall be as determined by the Director to be in the best financial interest of the State. The redemption of the Refunded Bonds on or after their first call date is hereby authorized.

- (B) The Director is hereby authorized to determine the most advantageous date and time of sale and to publish the Notice of Bond Sale of the Refunding Bonds, or an abbreviated version thereof, in *The Bond Buyer*, New York, New York, or another financial journal, such publication to be not less than 10 days prior to the date of sale; and to publish such Notice of Bond Sale in such other newspapers on such date as may be deemed appropriate by the Director; provided, that if no bids are received at the time and place called for in the Notice of Bond Sale, 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 specified or provided for in the Notice of Bond Sale. Any prior publication of a Notice of Bond Sale, or abbreviated version thereof, is hereby ratified.
- (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 distribution of a Notice of Bond Sale and proposal for sale is hereby ratified.
- (D) The Director is hereby authorized to prepare and distribute preliminary and final official statements in connection with the public offering of the Refunding Bonds. The Director is further authorized and directed to amend, supplement or complete the information contained in the preliminary official statement, as may be needed, and to furnish such certification as to the completeness and finality of the preliminary official statement as is necessary to permit the successful bidder to fulfill its obligations under any applicable securities laws. The Chairman and Secretary of the Governing Board and the Director are hereby authorized to execute the final official statement in connection with the public offering of the Refunding Bonds, and the execution thereof by any of the authorized individuals shall be conclusive evidence that the Governing Board has approved the form and content of the final official statement and that the final official statement is complete as of its date.
- (E) The Director is hereby authorized to have up to 1,500 copies of the preliminary official statement and 3,500 copies (plus such additional copies as may be requested by the successful bidder at the expense of the successful bidder) of the final official statement relating to the public offering of the Refunding Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and Reserve Account Credit Facilities; to retain bond counsel; to make a determination that the preliminary official statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a preliminary official statement is hereby ratified.
- (F) The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said Refunding Bonds when offered, on his determination of the best proposal, as defined in the Notice of Bond Sale, submitted in accordance with the terms of the Notice of Bond Sale provided for herein, and such award shall be final. The Director or any Assistant Secretary of the Governing Board shall report such sale to the Governing Board after award of the Refunding Bonds. The Secretary or any Assistant Secretary of the Governing Board is authorized to deliver such Refunding Bonds to the purchasers thereof upon payment of the purchase price, together with any accrued interest to the date of delivery, and to distribute the proceeds of the Refunding Bonds as provided by this Resolution and other proceedings authorizing the issuance of the Refunding Bonds.

- (G) The Refunding Bonds shall be executed in the name of the Board of Governors by its Chair, or by such other authorized person. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Refunding Bonds. In case any one or more of the officers who shall have signed any of the Refunding Bonds shall cease to be such officer before the Refunding Bonds so signed and sealed shall have been actually sold and delivered, the Refunding Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Refunding Bonds had not ceased to hold office.
- (H) A certificate as to the approval of the issuance of the Refunding Bonds, shall be executed by the facsimile signature of the Secretary of the Governing Board, an Assistant Secretary, or as otherwise provided by law.
- (I) U.S. Bank Trust National Association, or its successor, is hereby designated as Bond Registrar/Paying Agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the Board of Administration and U.S. Bank Trust National Association or its successor.
- (J) The Interest Payment Dates and the Principal Payment Dates for the Refunding Bonds shall be as set forth in the Notice of Bond Sale. Interest on the Refunding Bonds shall be paid by check or draft mailed on the Interest Payment Date (or, in certain cases, may be paid by wire transfer at the election of a Registered Owner, other than a securities depository, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent, provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 p.m. New York time on the Record Date shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds.
- (K) The Refunding Bonds shall be dated, shall mature in such years and amounts and shall bear interest commencing on such date as set forth or provided for in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this 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 5.01(B) of the Original Resolution. Amounts on deposit in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the Reserve Account, and shall be applied in the manner provided in the Original Resolution.

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

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

- (N) Any portion of the Refunding Bonds may be issued as a separate series, provided that the Refunding Bonds of each series shall be numbered consecutively from one upward. The Refunding Bonds referred to herein may be sold separately 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 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 Original Resolution to the contrary, it is the intent of the Division that interest on the Refunding Bonds, if issued as tax-exempt Refunding Bonds, be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to such tax-exempt Refunding Bonds, whether such requirements are now in effect, pending or subsequently enacted. The Division is hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds to comply with such requirements of federal tax law.

SECTION 2.02. AUTHORIZATION TO EXECUTE AND DELIVER AN ESCROW DEPOSIT AGREEMENT; DESIGNATION OF ESCROW AGENTS. The Chairman and Secretary or an Assistant Secretary of the Governing Board and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division are hereby each authorized to execute and deliver an escrow deposit agreement on behalf of the Division in such form as may be determined by the Director for the purpose of providing for the deposit of a portion of the proceeds of the Refunding Bonds and such other funds as determined to be necessary into an escrow deposit trust fund for the refunding of the Refunded Bonds. The escrow deposit trust fund shall be held and administered by an escrow agent acceptable to the Director as evidenced by the Director's execution of the escrow deposit agreement.

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

SECTION 2.04. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Original Resolution or this Resolution, or any other resolution relating to the Refunding Bonds (for 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, 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 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 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 3.02 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 payments from the Pledged Revenues and in all other respects, with the Outstanding Bonds.

SECTION 4.02. REFUNDING BONDS SECURED BY ORIGINAL RESOLUTION. The Refunding Bonds shall be deemed to have been issued pursuant to the Original Resolution, as supplemented by this 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 Resolution to the same extent as if incorporated verbatim in this Resolution, and shall be fully enforceable in the manner provided in the Original Resolution, as amended and supplemented, by any of the Registered Owners of the Refunding Bonds.

ARTICLE V MISCELLANEOUS

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board 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 Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

SECTION 5.02. MODIFICATION OR AMENDMENT. Modification or amendment hereof shall be governed by Section 9.02 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 agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Director, in conjunction with the appropriate officer of the Board, 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 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 Refunding Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the Refunding Bonds issued hereunder.

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

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS AND CANCELLATION OF PRIOR ISSUANCE AUTHORITY. All prior or concurrent resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution, but only to the extent of any such inconsistency. The authority for the issuance and delivery of the unissued portion of any bonds previously authorized pursuant to the Original Resolution, as amended and supplemented, is hereby canceled.

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Original 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. 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 <u>strike-throughs</u>.

(A) 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:

. . .

"Board of <u>Governors</u> 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".
- (C) Section 2.02 of the Original Resolution is hereby amended to provide for bonds in the denomination of \$1,000 each or any integral multiple thereof.

SECTION 5.09. CONFIRMATION OF ORIGINAL RESOLUTION. As supplemented and amended by this Resolution, the Original Resolution is in all respects ratified and confirmed, and this Resolution shall be read, taken, and construed as a part of the Original Resolution.

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

ADOPTED on September 20, 2011.



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

A RESOLUTION
AUTHORIZING THE ISSUANCE OF
STATE OF FLORIDA, BOARD OF GOVERNORS,
UNIVERSITY OF FLORIDA
DORMITORY REVENUE BONDS, SERIES 2012A

March 20, 2012

A RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, BOARD OF GOVERNORS UNIVERSITY OF FLORIDA DORMITORY REVENUE BONDS, SERIES 2012A, TO FINANCE CAPITAL IMPROVEMENTS TO STUDENT HOUSING FACILITIES ON THE CAMPUS OF THE UNIVERSITY OF FLORIDA; 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 Outstanding Bonds and to the 2012A Bonds (as defined herein).

- "2012A Bonds" means the State of Florida, Board of Governors, University of Florida Dormitory Revenue Bonds, Series 2012A, authorized by this Resolution.
- **"2012A Project"** means the renovation of multiple existing residential facilities located on the University's main campus, including eleven apartment buildings that are part of Corry Village and three traditional dormitory buildings, Weaver, Thomas, and Buckman Halls, as previously 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.
- "2012A Project Construction Fund" means a trust fund held in the State Treasury in which shall be deposited the net proceeds of the 2012A Bonds and other available moneys for the construction of the 2012A Project.
- "Additional Parity Bonds" means any obligations hereafter issued pursuant to the terms and conditions of the Original Resolution and payable from the Pledged Revenues on a parity with the Bonds originally issued thereunder. Such Additional Parity Bonds shall be deemed to have been issued pursuant to the Original Resolution the same as the Bonds originally authorized and issued pursuant to the Original Resolution, and all of the applicable covenants and other provisions of the Original Resolution (except as to details of such Additional Parity Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to the Original Resolution, and the Registered Owners of any Additional Parity Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with the Original Resolution. All of such Additional Parity Bonds, regardless of the time or times of their issuance, shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Pledged Revenues without preference of any Bonds over any other. Additional Parity Bonds shall also include any outstanding indebtedness previously issued with respect to any housing facility which is being added to the University's Housing System and which is secured by the revenues of such housing facility.
 - "Assistant Secretary" means an Assistant Secretary of the Division of Bond Finance.
- **"Board of Governors"** or **"Board"** 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.
- **"Bonds"** means the Outstanding Bonds, the 2012A Bonds and any Additional Parity Bonds issued in accordance with Section 6.01 of the Original Resolution.
 - "Bond Registrar/Paying Agent" means U.S. Bank Trust National Association, New York, New York, or its successor.
- **"Bond Year"** means, with respect to a particular Series of Bonds issued hereunder, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the Series unless the Division selects another date on which to end a Bond Year in the manner permitted by the Code.

- "Code" means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.
- "Director" means the Director of the Division of Bond Finance and shall include any Assistant Secretary to whom the Director delegates authority.
 - "Division" means the Division of Bond Finance of the State Board of Administration of Florida.
- "Governing Board" means the Governor and Cabinet of the State of Florida as the governing board of the Division of Bond Finance.
- "Housing System" means those residence halls, apartments, or other living units at the University, the revenues of which are pledged to the Prior Lien Obligations and the Bonds, together with such additions thereto as shall be made from time to time. The Housing System consists of facilities known as Broward, Hume, Rawlings, Corry Village, Jennings, Graham, Trusler, Simpson, East, Beaty Towers, University Village South, Fletcher, Sledd, Buckman, Thomas, Murphree, Tolbert, North, Riker, Weaver, Yulee, Mallory, Reid, Keys, Springs, Lakeside, Diamond Village, Tanglewood Apartments, and such additional facilities as at some future date may be added to the Housing System.
- "Original Resolution" means the resolution adopted by the Governing Board on January 10, 1989 as amended and restated in its entirety on June 13, 2000, and as amended and supplemented through the date of this Resolution.
- **"Outstanding Bonds**" means the Outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, and the Outstanding State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2011A.
- "Prior Lien Obligations" means the State of Florida, Board of Regents, University of Florida Housing Revenue Certificates, Series of 1984.
- "Project Costs" means the actual costs of the 2012A Project, financed through the issuance of the 2012A Bonds, 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 2012A Project; interest on the 2012A 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 2012A 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.
 - "Registered Owner" means any person who shall be the registered owner of any Bond.
- **"Resolution"** means this resolution, adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance, authorizing the issuance of the 2012A 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 Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes, (the "State Bond Act"); Section 1010.62, Florida Statutes; other applicable provisions of law; and the Original Resolution; and it constitutes a resolution authorizing bonds pursuant to the State Bond Act.

SECTION 1.03. 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 to finance the construction and acquisition of such improvements.

- (B) The construction of the 2012A Project at the University is necessary, desirable and in the best interest of the University.
- (C) The Board of Governors adopted a resolution on January 19, 2012 requesting the Division of Bond Finance to take the necessary actions required for the issuance of the 2012A Bonds.
- (D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 2012A Project.
- (E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the 2012A Bonds on behalf of the Board of Governors to finance the 2012A Project.
- (F) (1) The 2012A Project will be the renovation of multiple existing residential facilities located on the University's main campus, including eleven apartment buildings that are part of Corry Village and three traditional dormitory buildings, Weaver, Thomas, and Buckman Halls, substantially in accordance with the plans and specifications as may be approved by the Board of Governors from time to time.
- (2) As required by Article VII, Section 11(f) of the Florida Constitution, the Florida Legislature approved the 2012A Project pursuant to Section 1010.62(7), Florida Statutes.
- (G) The anticipated revenues to be derived from the Housing System will be sufficient to pay the principal of and interest on the Prior Lien Obligations, the Outstanding Bonds and the 2012A Bonds and to make all Reserve, Sinking Fund and other payments provided for herein.
- (H) The principal of and interest on the 2012A 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 Resolution.
- (I) The lien of the 2012A Bonds on the Pledged Revenues will be junior and subordinate to the lien thereon of the outstanding Prior Lien Obligations and will be on a parity with the Outstanding Bonds.
- (J) The 2012A 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) The Division of Bond Finance, pursuant to the statutes and constitutional provisions herein cited, is authorized to issue the 2012A Bonds, on behalf of, and in the name of the Board of Governors, subject to the terms, limitations and conditions contained in the Original Resolution, and in this 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) Section 6.01 of the Original Resolution provides for the issuance of Additional Parity Bonds under the terms, restrictions and conditions provided therein.
- **SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance by the Registered Owners of the 2012A Bonds, the Original Resolution, as amended and supplemented through the date of this Resolution, shall 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 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 2012A 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 Resolution.

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

SECTION 2.01. AUTHORIZATION OF 2012A BONDS. Subject and pursuant to the provisions of this Resolution and the Original Resolution, fully registered revenue bonds of the Board of Governors to be known as "State of Florida, Board

of Governors, University of Florida Dormitory Revenue Bonds, Series 2012A" (or such other designation as may be determined by the Director) are hereby authorized to be issued by the Division of Bond Finance in an aggregate principal amount not exceeding \$31,000,000, for the purpose of financing the construction, furnishing and equipping of the 2012A Project as described herein. Such bonds may be sold and issued in one or more series and in combination with other University of Florida Dormitory Revenue Bonds, provided that the actual designation of any series of such bonds whether sold in one or more than one series (including a change of year designation, if desirable) and whether such bonds or any portion thereof are to be taxable or tax-exempt, shall be determined by the Director.

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. Except as otherwise provided in this Resolution, the terms, description, execution, negotiability, redemption, registration, transfer, authentication, disposition, replacement, issuance and form of the 2012A Bonds shall be governed by the provisions of Article II of the Original Resolution, adjusted to the extent necessary to apply to the 2012A Bonds, except as otherwise provided in this Resolution. The form of the 2012A Bonds shall be governed by this Resolution. The text of the 2012A Bonds may contain such provisions, specifications and descriptive words not inconsistent with the provisions of this 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 2012A BONDS. The 2012A 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 2012A Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the above signatures may be a facsimile signature imprinted or reproduced on the 2012A 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 2012A Bonds shall cease to be such officer of the Board of Governors before the 2012A Bonds so signed and sealed shall have been actually sold and delivered, the 2012A Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such 2012A Bonds had not ceased to hold such office. Any 2012A 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 2012A Bond shall hold the proper office, although at the date of such 2012A 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 2012A 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 THE 2012A BONDS.

(A) Notwithstanding anything to the contrary in the Original Resolution or this Resolution, or any other resolution relating to the 2012A Bonds (for the purposes of this section, collectively, the "Resolution"), the 2012A 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 2012A 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 2012A Bonds are issued in book-entry only form:

- (1) The 2012A Bonds shall be issued in the name of the Securities Depository as Registered Owner of the 2012A Bonds, and held in the custody of the Securities Depository or its designee.
- (2) Transfers of beneficial ownership of the 2012A 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 2012A Bonds. Beneficial ownership interests in the 2012A 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 2012A 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 2012A Bonds. Transfers of ownership interests in the 2012A 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 2012A Bonds registered in its name for the purposes of
- (a) payment of the principal of, premium, if any, and interest on the 2012A 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 2012A Bonds; and
 - (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the 2012A Bonds shall, while the 2012A 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 2012A Bonds in the form of fully registered bonds to each Beneficial Owner.

ARTICLE III APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2012A PROJECT. The Board of Governors is authorized to construct the 2012A Project from the proceeds of the sale of the 2012A Bonds and other legally available funds, subject to the provisions of this Resolution, the Original Resolution, and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF 2012A BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the 2012A Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 2012A 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 2012A 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, if any, 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 Board of Governors, as provided in Section 3.02(2) 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 2012A Bonds.
- (3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the 2012A Bonds shall be transferred to and deposited into the 2012A Project Construction Fund, which is hereby created in the State Treasury.
- (B) Any unexpended balance remaining in the 2012A Project Construction Fund, after a consulting architect shall certify that the 2012A Project has been completed and after all costs thereof paid or payment provided for, shall be either (i) applied to fixed capital outlay projects of the Housing System, or (ii) deposited into the Sinking Fund created by the Original Resolution.
- (C) In addition to the aforementioned proceeds of the 2012A Bonds, the Board or the University of Florida may deposit into the 2012A Project Construction Fund additional funds legally available for the purposes of such fund which, together with the proceeds of the 2012A Bonds, will be sufficient to finance the total 2012A Project Costs. Any such additional funds, other than the proceeds of the 2012A Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the 2012A Bonds issued pursuant to this Resolution.
- (D) All moneys in the 2012A 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 the 2012A Bonds issued pursuant to this 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 THE 2012A PROJECT CONSTRUCTION FUND. Any moneys in the 2012A Project Construction Fund not immediately needed for the purposes provided in this 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 2012A Project which are incurred by the University prior to the issuance of the 2012A Bonds may be reimbursed from the proceeds of the 2012A Bonds to the extent permitted under the Code. The expenditures will be reimbursed from the 2012A Project Construction Fund.

ARTICLE IV SECURITY FOR THE 2012A BONDS

SECTION 4.01. 2012A BONDS ON A PARITY WITH THE OUTSTANDING BONDS; 2012A BONDS SUBORDINATE TO THE PRIOR LIEN OBLIGATIONS. The 2012A Bonds shall be issued subject to the provisions of Section 6.01 of the Original Resolution governing the issuance of Additional Parity Bonds thereunder. The 2012A 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. The lien of the 2012A Bonds on the Pledged Revenues will be junior and subordinate to the lien thereon of the outstanding Prior Lien Obligations.

SECTION 4.02. 2012A BONDS SECURED BY ORIGINAL RESOLUTION. The 2012A Bonds shall be deemed to have been issued pursuant to the Original Resolution as fully and to the same extent as the Outstanding 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 2012A 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, except to the extent inconsistent herewith, shall be deemed to be part of this Resolution to the same extent as if incorporated verbatim in this Resolution, and shall be fully enforceable in the manner provided in the Original Resolution, by any of the Registered Owners of the 2012A Bonds.

ARTICLE V MISCELLANEOUS; AMENDMENT OF ORIGINAL RESOLUTION

SECTION 5.01. 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 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, to the extent that any such lease would not adversely affect the Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

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

- **SECTION 5.03. CONTINUING DISCLOSURE.** (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Governors agrees to provide or cause to be provided such information as may be required, from time to time, under such rule or any successor rule applicable to the Board of Governors.
- (B) The Director, in conjunction with the appropriate officer of the Board of Governors, is authorized and directed to execute and deliver any documents or agreement which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission or any successor rule applicable to the Board of Governors.
- **SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants or provisions of this 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 2012A Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the 2012A Bonds issued hereunder.
- **SECTION 5.05. FISCAL AGENT.** Upon the sale and delivery of the 2012A 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 with respect to the 2012A Bonds.

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS AND CANCELLATION OF PRIOR ISSUANCE AUTHORITY. 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, 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 bonds authorized prior to the date of this Resolution pursuant to the Original Resolution, as amended and supplemented, is hereby canceled.

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Original Resolution or this Resolution to offices, bodies or agencies which have been or are superceded, replaced or abolished by law, shall be deemed to refer to the successor 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. RESERVE REQUIREMENT FOR THE 2012A BONDS. Notwithstanding the provisions of the Original Resolution, the Reserve Account for the 2012A Bonds authorized by this Resolution shall be funded in an amount determined by the Director, which shall not exceed the amount permitted under the Code. Such amount may be zero.

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 <u>strike-throughs</u>.

(A) Section 4.03 of the Original Resolution is hereby amended to reflect the change in accounting system necessitated by the devolution of the State University System as follows:

SECTION 4.03. HOUSING SYSTEM REVENUE FUND. The entire Gross Revenues, as defined herein, derived from the operation of the Housing System, shall be deposited by the <u>University Board of Regents with the State Treasurer of Florida in a trust fund known as the "University of Florida Housing System Revenue Fund" (hereinafter referred to as "Revenue Fund") which fund was created by the 1959 Resolution. 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-<u>University Board of Regents</u> and used only for the purposes and in the manner provided in the 1959 Resolution, the 1974 Resolution, the 1984 Resolution, and this Resolution.</u>

SECTION 5.10. CONFIRMATION OF ORIGINAL RESOLUTION. As supplemented by this Resolution, the Original Resolution is in all respects ratified and confirmed, and this Resolution shall be read, taken, and construed as a part of the Original Resolution.

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

ADOPTED on March 20, 2012.



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

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

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA 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; AND PROVIDING FOR AN EFFECTIVE DATE.

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

ARTICLE I

DEFINITIONS; AUTHORITY; RESOLUTION TO CONSTITUTE CONTRACT

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

"2005A Bonds" means the State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, currently outstanding in the principal amount of \$20,705,000.

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

"Board of Governors" or **"Board"** 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.

"Bond Year" means, with respect to a particular Series of Bonds issued hereunder, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the Series unless the Division selects another date on which to end a Bond Year in the manner permitted by the Code.

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

"Director" means the Director of the Division or any Assistant Secretary delegated authority by the Director.

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

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

"Housing System" means those residence halls, apartments, or other living units at the University, the revenues of which are pledged to the Bonds, together with such additions thereto as shall be made from time to time. The Housing System consists of facilities known as Broward, Hume, Rawlings, Corry Village, Jennings, Graham, Trusler, Simpson, East, Beaty Towers, University Village South, Fletcher, Sledd, Buckman, Thomas, Murphree, Tolbert, North, Riker, Weaver, Yulee, Mallory, Reid, Keys Residential Complex, Springs Residential Complex, Lakeside Residential Complex, Diamond Village, Tanglewood Apartments, Maguire Village, and Cypress Hall and such additional facilities as at some future date may be added to the Housing System.

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

"Original Resolution" means the resolution adopted by the Governing Board on January 10, 1989 as amended and restated in its entirety on June 13, 2000, and as amended and supplemented through the date of this Resolution.

- "Outstanding Bonds" means the Outstanding State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A, the Outstanding State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2011A, the Outstanding State of Florida, Board of Governors, University of Florida Dormitory Revenue Bonds, Series 2012A, and the Outstanding State of Florida, Board of Governors, University of Florida Dormitory Revenue Bonds, Series 2013A.
- "Principal Payment Date" means, for each Series of Bonds, the dates during each Fiscal Year on which the principal of the Outstanding Bonds of such Series is payable.
- "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.
 - "Registered Owner" means any person who shall be the registered owner of any Bond.
 - "Refunded Bonds" means all or a portion of the Outstanding 2005A Bonds to be refunded by the Refunding Bonds.
- **"Refunding Bonds"** means the State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) authorized by this Resolution.
 - "Resolution" means this resolution authorizing the issuance and competitive sale of the Refunding 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 Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Section 1010.62, Florida Statutes; Sections 215.57-215.83, Florida Statutes (the "State Bond Act"); 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. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance of the Refunding Bonds by the Registered Owners, the Original Resolution, as amended, and as supplemented by this Resolution, shall be deemed to be and shall constitute a contract among the Division, 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 Outstanding Bonds and the Refunding Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein and herein.

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

- **SECTION 2.01. AUTHORIZATION OF ISSUANCE AND SALE OF REFUNDING BONDS.** (A) Subject and pursuant to the provisions of the Original Resolution, fully registered revenue bonds of the Board to be known as "State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined)" (or such other designation as may be determined by the Director), are hereby authorized to be issued and to be sold at competitive sale in an aggregate principal amount not exceeding \$23,000,000 on a date and at the time to be determined by the Director. The Refunding Bonds shall be sold to refund the Refunded Bonds. The Refunding Bonds may be combined with, designated the same as, and sold with any other series of University of Florida Dormitory Revenue Bonds issued pursuant to the Original Resolution. 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 (together, the "Authorized Individuals") are hereby authorized to execute the final official statement in connection with the public offering of the Refunding Bonds, and the execution thereof by any of the Authorized Individuals shall be conclusive evidence that the Governing Board has approved the form and content of the final official statement and that the final official statement is complete as of its date.
- (E) The Director is hereby authorized to have up to 1,500 copies of the preliminary official statement and 3,500 copies (plus such additional copies as may be requested by the successful bidder at the expense of the successful bidder) of the final official statement relating to the public offering of the Refunding Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and Reserve Account Credit Facilities; to retain bond counsel; to make a determination that the preliminary official statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a preliminary official statement is hereby ratified.
- (F) The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said Refunding Bonds when offered, on his determination of the best proposal, as defined in the Notice of Bond Sale, submitted in accordance with the terms of the Notice of Bond Sale provided for herein, and such award shall be final. The Director or any Assistant Secretary of the Governing Board shall report such sale to the Governing Board after award of the Refunding Bonds. The Secretary or any Assistant Secretary of the Governing Board is authorized to deliver such Refunding Bonds to the purchasers thereof upon payment of the purchase price, together with any accrued interest to the date of delivery, and to distribute the proceeds of the Refunding Bonds as provided by this Resolution and other proceedings authorizing the issuance of the Refunding Bonds.
- (G) The Refunding Bonds shall be executed in the name of the Board of Governors by its Chair, or by such other authorized person. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Refunding Bonds. In case any one or more of the officers who shall have signed any of the Refunding Bonds shall cease to be such officer before the Refunding Bonds so signed and sealed shall have been actually sold and delivered, the Refunding Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Refunding Bonds had not ceased to hold office.
- (H) A certificate as to the approval of the issuance of the Refunding Bonds, shall be executed by the facsimile signature of the Secretary of the Governing Board, an Assistant Secretary, or as otherwise provided by law.
- (I) U.S. Bank Trust National Association, or its successor, is hereby designated as Bond Registrar/Paying Agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the Board of Administration and U.S. Bank Trust National Association or its successor.
- (J) The Interest Payment Dates and the Principal Payment Dates for the Refunding Bonds shall be as set forth in the Notice of Bond Sale. Interest on the Refunding Bonds shall be paid by check or draft mailed on the Interest Payment Date (or, in certain cases, may be paid by wire transfer at the election of a Registered Owner, other than a securities depository, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent, provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 p.m. New York time on the Record Date shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds.
- (K) The Refunding Bonds shall be dated, shall mature in such years and amounts and shall bear interest commencing on such date as set forth or provided for in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this 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 5.01(B) of the Original Resolution. Amounts on deposit in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the Reserve Account, and shall be applied in the manner provided in the Original Resolution.

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

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

- (N) Any portion of the Refunding Bonds may be issued as a separate series, provided that the Refunding Bonds of each series shall be numbered consecutively from one upward. The Refunding Bonds referred to herein may be sold separately 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 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 Original 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 AGENT. The Chairman and Secretary or an Assistant Secretary of the Governing Board and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division are hereby each authorized to execute and deliver an escrow deposit agreement on behalf of the Division in such form as may be determined by the Director for the purpose of providing for the deposit of a portion of the proceeds of the Refunding Bonds and

such other funds as determined to be necessary into an escrow deposit trust fund for the refunding of the Refunded Bonds. The escrow deposit trust fund shall be held and administered by an escrow agent acceptable to the Director as evidenced by the Director's execution of the escrow deposit agreement.

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

SECTION 2.04. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Original Resolution or this Resolution, or any other resolution relating to the Refunding Bonds (for 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, 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 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 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 3.02 of the Original Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the Reserve Account.
- (D) An amount together with the interest earnings thereon, and other amounts deposited therein which is anticipated to be sufficient to pay when due (1) the principal amount of the Refunded Bonds, (2) the amount of interest and redemption premium payable on the Refunded Bonds, and (3) the amount of fees and expenses estimated to be incurred in connection with the payment and retirement of the Refunded Bonds shall be either transferred and deposited in escrow pursuant to the terms of the escrow deposit agreement or, at the discretion of the Director, deposited with the Bond Registrar/Paying Agent.
- (E) Any balance of the proceeds of the Refunding Bonds after providing for the requirements of subsections (A) through (D) above shall be transferred to the Sinking Fund and used for the purposes set forth therein.

ARTICLE IV SECURITY FOR THE REFUNDING BONDS

SECTION 4.01. REFUNDING BONDS ON A PARITY WITH THE OUTSTANDING BONDS. The Refunding Bonds shall be issued subject to the provisions of Section 6.01 of the Original Resolution governing the issuance of Additional Parity Bonds thereunder. The Refunding Bonds shall be payable on a parity, and rank equally as to lien on and source and security for payments from the Pledged Revenues and in all other respects, with the Outstanding Bonds.

SECTION 4.02. REFUNDING BONDS SECURED BY ORIGINAL RESOLUTION. The Refunding Bonds shall be deemed to have been issued pursuant to the Original Resolution, as supplemented by this 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 Resolution to the same extent as if incorporated verbatim in this Resolution, and shall be fully enforceable in the manner provided in the Original Resolution, as amended and supplemented, by any of the Registered Owners of the Refunding Bonds.

ARTICLE V MISCELLANEOUS

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board 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 Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

SECTION 5.02. MODIFICATION OR AMENDMENT. Modification or amendment hereof shall be governed by Section 9.02 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 agrees to provide or cause to be provided such information as may be required, from time to time, under such rule or any successor rule applicable to the Board of Governors.
- (B) The Director, in conjunction with the appropriate officer of the Board, is authorized and directed to execute and deliver any documents or agreement which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission or any successor rule applicable to the Board of Governors.
- **SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants or provisions of this 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 Refunding Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the Refunding Bonds issued hereunder.
- **SECTION 5.05. FISCAL AGENT.** Upon the sale and delivery of the Refunding Bonds by the Division on behalf of the Board, the Board of Administration shall act as the fiscal agent for the Board with respect to the Refunding Bonds.
- SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS AND CANCELLATION OF PRIOR ISSUANCE AUTHORITY. All prior or concurrent resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution, but only to the extent of any such inconsistency. The authority for the issuance and delivery of the unissued portion of any State of Florida, University of Florida Housing or Dormitory Revenue Bonds authorized prior to the date of this resolution is hereby canceled.
- **SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS.** Any references in the Original 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 Resolution, the Original Resolution is in all respects ratified and confirmed, and this Resolution shall be read, taken, and construed as a part of the Original Resolution.
 - **SECTION 5.09. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

ADOPTED on August 2, 2016

THE UNIVERSITY OF FLORIDA Gainesville, Florida

(Source: Information provided by the University of Florida)

Introduction

The University of Florida is a State-supported land-grant comprehensive research university with student enrollment exceeding 50,000 students. It is the State's oldest university, the only member of the prestigious Association of American Universities in the State of Florida and one of only 61 members in North America. The University is also recognized by the Carnegie Commission on Higher Education as one of the nation's leading research universities.

While highly recognized for its achievements in research and academic programs at the graduate and professional levels, the University is also dedicated to excellence in its undergraduate programs. The student body has the highest academic ranking in Florida and is among the highest ranking public universities in the nation.

Because of the range of academic and research programs on its campus, the University of Florida is among the nation's three most comprehensive universities. It has 16 colleges, more than 170 interdisciplinary research and education centers, bureaus and institutes. These bring together faculty and student scholars from various academic programs to provide research and development services in all areas of State interest. More than 100 undergraduate degree programs are offered and the graduate school coordinates approximately 200 graduate degree programs throughout the University's colleges and schools. Professional post-baccalaureate degrees are offered in law, dentistry, medicine, pharmacy and veterinary medicine.

History

The University of Florida traces its origins to the takeover of the private Kingsbury Academy in Ocala by the State-funded East Florida Seminary in 1853. The seminary was moved to Gainesville following the Civil War. It was consolidated with the State's land-grant Florida Agriculture College, then located in Lake City, to become the University of Florida in Gainesville in 1905. The University had an initial enrollment of 102. Until 1947, the University was for men only and one of only three State colleges. The other State colleges were Florida State College for Women (now Florida State University) and Florida Agricultural and Mechanical College (now Florida Agricultural and Mechanical University). Since 1947, when the student body numbered 8,177 men and 601 women, the University of Florida has grown to over 50,000 students.

Governance

Effective January 7, 2003, a statewide Board of Governors 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 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 and policies of 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/senior 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.

<u>University Trustees</u>	Term Expires
James W. Heavener (Chair) – President, Heavener Co. and CEO of Full Sail University (Winter Park, FL)	January 6, 2016*
Dr. Jason J. Rosenberg – Surgeon (Gainesville, FL)	January 6, 2016*
Susan Webster – Student Body President (Gainesville, FL)	April 20, 2017
Nicole Stedman - Chair, UF Faculty Senate, Associate Professor, College of Agriculture (Gainesville, FL)	May 31, 2017
Dr. Steven M. Scott – President, Scott Holdings, LLC (Boca Raton, FL)	January 6, 2018
David M. Thomas – Former Chairman and CEO of IMS Health (Windemere, FL)	January 6, 2018
David L. Brandon - President, Brandon Construction Company (Palm Harbor, FL)	January 6, 2020
Rahul Patel – Attorney, King & Spalding (Atlanta, GA)	January 6, 2020
Robert G. Stern – Attorney, Trenam and Kemker (Tampa, FL)	January 6, 2020
Anita G. Zucker - Chair and CEO, The InterTech Group, Inc. (North Charleston, SC)	January 6, 2020
Morteza Hosseini - Chairman and CEO, ICI Homes (Daytona Beach, FL)	January 6, 2021
Leonard H. Johnson – Attorney, Barnett, Bolt, Kirkwood, Long and Koche, P.A. (Tampa, FL)	January 6, 2021
Marsha D. Powers - CEO, Tenet Healthcare Corporation Florida Region (Coral Springs, FL)	January 6, 2021

^{*}Indicates the board member's term has expired. These members will serve until replacements have been appointed.

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. However, 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 and any limits imposed by the Board of Governors. 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 borrow through affiliated foundations and direct support organizations 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 Capital Facilities

The 2,000-acre contiguous campus has over 1,000 buildings containing 20.5 million gross square feet. These facilities have a book value of more than \$1 billion with a replacement value of more than \$2.5 billion. Of these buildings, more than 200 have classrooms and laboratories. Within the past decade, over 40 major buildings have been completed. Funding from grants, private gifts and the Legislature has allowed for significant improvements and additions to facilities located at the University, including Heavener Hall, Cypress Hall, and renovation projects on various residence halls. The University continues construction on several major projects including the Harrell Medical Education Building, Reitz Union expansion and renovation, and two new UF Health hospital towers, one in Gainesville and one in Jacksonville.

The Florida Museum of Natural History is among the top ten natural history museums in the nation and number one in the Southeast. Notable other facilities include the Harn Museum of Art; the Phillips Center for Performing Arts; the University Art Gallery; the second largest academic computing center in the south; one of the nation's few self-contained intensive care hyperbaric chambers for treating near-drowning victims; a materials measuring system with helium refrigerators which, along with only two others in the world, have recorded the closest temperature to absolute zero; a 100-kilowatt training and research reactor; the largest coastal engineering wave tank in the southeast; the second largest research facility in the southeast, the world's largest and most complete citrus research center; a world-class cast-bell carillon and a 74-rank Aeolian Skinner organ. The Stephen C. O'Connell Center and the J. Wayne Reitz Union provide space for a myriad of student and faculty activities. One thousand persons can participate simultaneously in eight different recreational activities in the O'Connell Center. More than 20,000 people use the Union daily for dining, meeting, bowling, pool and other table games, arts and crafts, music listening, TV viewing and more. Open spaces, small ponds, picnic areas, shady nooks and even an 81-acre wildlife sanctuary lake on campus provide opportunities to enjoy Florida's year-round outdoor life.

Capital Improvement Plan

The following table shows the capital improvement projects currently in progress for the University. Several of these projects are funded with Public Education Capital Outlay monies generated from the collection of gross receipts taxes levied on utilities and telecommunication services. Various other funding sources (general revenue, capital improvement fee trust fund, private funds, bond proceeds, grants, etc.) provide monies to finance some of the capital improvement projects. The table below shows Capital Improvement Projects over \$2,000,000 that are currently in progress.

Capital Improvement Projects in Progress at June 30, 2016

Project	Total Commitment	Completed To Date	Balance Committed
Stephen O'Connell Center Renovation and Addition	\$65,930,000	\$18,948,906	\$46,981,094
Chemistry/Chemical Biology Building	59,000,000	50,379,733	8,620,267
NEXUS Engineering Addition	53,000,000	1,412,498	51,587,502
Institute on Aging/Clinical Translational Research Building	45,647,831	78,711	45,569,120
Newell Hall Renovation	18,449,057	5,252,534	13,196,522
Innovation Hub, Phase II	17,200,000	369,902	16,830,098
UF Health Proton Therapy Institute Gantry Expansion	9,415,000	98,993	9,316,007
Career Resource Center Addition and Renovation	7,698,170	109	7,698,061
Rabon Steam Boiler Design/Installation	7,095,707	96,553	6,999,154
Electrical Substation 2 - Cable and Switchgear Replacement	5,400,000	270	5,399,729
Basic Sciences Building - Ground Floor Renovation	5,227,687	2,583,528	2,644,159
Corry Village Building 278 Renovation	2,846,675	2,338,175	508,500
Corry Village Building 277 Renovation	2,783,730	2,223,313	560,417
Corry Village Building 284 Renovation	2,709,068	2,506,123	202,945
Buckman Air Conditioning Design & Installation	2,515,800	2,068,824	446,976
Key Complex Bldgs. 1002, 1003, 1004, 1005 & 1009 Renovations	2,500,000	1,730,557	769,443
Nature Coast Biological Station	2,265,761	209,596	2,056,164
FMNH Discovery Room, Powell Hall Building 308	2,020,000	37,430	1,982,570
Joint Use Library Storage Facility	2,019,176	1,516,636	502,540
Keys Common Bldg 1001 Renovation	2,000,000	519,256	1,480,744
Total	\$315,723,662	\$92,371,647	\$223,352,012

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The following table lists the University's 5-year capital improvement plan by priority level.

Five Year Capital Improvement Plan and Legislative Budget Request In Order of Priority

Priority							Total
Number	Project Name	<u>2016-17</u>	<u>2017-18</u>	2018-19	<u>2019-20</u>	<u>2020-21</u>	Requested
1	Utilities / Infrastructure Improvements	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000	\$90,000,000
2	Nuclear Science Building Renov/Addit.	25,000,000	18,000,000				43,000,000
3	Norman Hall Remodeling/Renov.	8,000,000	8,437,950	8,000,000			24,437,950
4	IFAS Academic Building	8,000,000	7,868,900				15,868,900
5	FLMNH Biodiversity/Special Coll. Facility	10,000,000	22,800,000				32,800,000
6	Multidisciplinary IT Building		27,500,000	29,800,000	12,500,000		69,800,000
7	Dental Science Building Addition/Renov.		25,000,000	16,500,000	16,500,000	16,485,500	74,485,500
8	CLAS Life Sciences				14,000,000	20,000,000	34,000,000
9	Whitney Ctr. For Marine Animal Health				11,682,000	8,118,000	19,800,000
10	Public Safety Building				8,500,000	17,300,000	25,800,000
11	IFAS Natural Resources Building					23,000,000	23,000,000
12	Psychology Building Remodel and Addition					13,800,000	13,800,000
13	Rolfs Hall Restoration/Renovation					14,000,000	14,000,000
14	Weil Hall Remodeling/Renovation					14,322,684	14,322,684
15	McCarty Hall – A,B, D Renovations					35,293,500	35,293,500
16	Environmental Health & Sciences Building					45,000,000	45,000,000
17	Music Building Renovation					18,250,000	18,250,000
18	Tropical Research and Education Center					6,000,000	6,000,000
	Total	\$69,000,000	\$127,606,850	\$72,300,000	\$81,182,000	\$249,569,684	\$599,658,534

Budgetary Process

The University of Florida Board of Trustees (the "University Board") is required to prepare and submit to the Florida Board of Governors for review an annual operating budget which represents the University's plan for utilizing the resources available through direct or continuing appropriation by the Legislature, student fees, and other local sources. The operating budget is prepared and submitted in accordance with the provisions of State law, rules of the Florida Board of Governors, and the General Appropriations Act. The University's operating budget is comprised of the following budget entities:

Educational and General. The Educational and General budget is comprised of activities which serve the University's primary mission of teaching, research and public service and which are funded from State appropriations, student fees, Federal formula funds, and sales of goods and services that are incidental to the conduct of educational activities.

Auxiliary Enterprises. The Auxiliary Enterprises budget represents planned expenditures funded from revenues generated by self-supporting functions and service centers.

Contracts and Grants. The Contracts and Grants budget represents planned expenditures supported by contracts and grants sponsored by Federal, State, and local units of government as well as private industry. This budget also includes gifts and grants from private sources.

Student Activities. The Student Activities budget includes planned expenditures to be funded from activity and service fees, which the University is authorized by law to charge its students. The budget is developed and approved in accordance with Section 1009.24(9), Florida Statutes.

Concessions. The Concession Fund represents planned expenditures of revenues earned from vending activities.

Intercollegiate Athletics. Intercollegiate athletics at the University is operated by the University Athletic Association, Inc., a private, not-for-profit organization and a University direct-support organization as defined by Section 1004.28, Florida Statutes. The budget includes planned expenditures of revenue sources that include, but are not limited to, student athletic fees assessed and collected by the University as authorized by Section 1009.24(11), Florida Statutes, ticket sales, private contributions, sales and licensing, and concessions.

Student Financial Aid. The Student Financial Aid budget consists of estimated expenditures of revenues received from Federal, State, and private sources as well as student financial aid fees assessed and collected by the University, as authorized by Section 1009.24(6), Florida Statutes, and other University-designated sources for financial assistance to students.

Self-Insurance Program. The Self-Insurance Program (Program) provides the general and professional liability protection to the University Board for its faculty members and other employees of the six Health Science Center (HSC) colleges. The budget represents estimated revenues from contribution/premiums paid by the Program participants, planned administrative expenses of the Program, and estimated claims costs.

Faculty Practice Plans. This budget consists of planned expenditures of revenues resulting from clinical practice by members of the academic clinical faculty of the University of Florida Health Science Center.

The operating budget of the University is included below for the prior Fiscal Years.

Operating Budget

Budget Entity	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Educational and General	\$791,915,959	\$910,524,769	\$967,463,917	\$996,758,186
Auxiliary Enterprises	425,634,509	379,500,287	435,154,179	451,782,604
Contracts and Grants	810,106,111	772,560,850	860,368,095	945,701,386
Student Activities	17,712,360	18,652,212	17,462,827	16,350,492
Concessions	852,716	868,000	989,992	994,792
Intercollegiate Athletics	100,032,208	100,547,102	106,214,976	117,023,115
Student Financial Aid	456,046,145	438,810,891	452,033,822	466,597,825
Self-Insurance Program	28,122,231	23,805,441	23,659,367	18,054,900
Technology Fee	12,821,106	14,944,763	9,066,630	9,676,536
Faculty Practice Plans	726,111,239	673,724,316	610,514,562	865,829,541
Total	\$3,369,354,584	\$3,333,938,631	\$3,482,928,367	\$3,888,769,377

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*

				Unaudited
Fund Source	2012-13	2013-14	2014-15	2015-16
State Appropriations	20.87%	23.37%	22.40%	24.03%
Student Tuition and Fees	15.15%	13.83%	13.10%	14.64%
Federal and State Student Financial Aid	4.91%	4.51%	4.03%	4.13%
Federal Contracts and Grants	16.83%	14.13%	13.47%	14.54%
State and Local Contracts and Grants	1.93%	1.72%	1.55%	1.66%
Capital Appropriations and Other	1.01%	2.37%	3.00%	2.25%
Noncapital Grants, Contracts and Gifts	3.62%	3.16%	9.12%	9.62%
Nongovernmental Contracts and Grants	27.67%	27.18%	25.92%	22.23%
Auxiliary Enterprises	5.65%	5.01%	4.39%	4.49%
Sales & Services of Educational Activities	2.22%	2.01%	1.81%	1.98%
Other Sources	0.15%	2.71%	1.21%	0.43%
Total	100.00%	100.00%	100.00%	100.00%

^{*}Numbers may not add to 100% due to rounding.

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

Registration, Tuition and Local Fees for Undergraduate Students per Credit Hour by Academic Year

Registration and Tuition Fees (per credit hour)	<u>2012-13</u>	2013-14	2014-15	<u>2015-16</u>	<u>2016-17</u>
In-State Students:					
Tuition	\$103.32	\$105.07	\$105.07	\$105.07	\$105.07
Tuition Differential	44.17	44.17	44.17	44.17	44.17
Student Financial Aid Fee	5.16	5.25	5.25	5.25	5.25
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
Subtotal	\$159.41	\$161.25	\$161.25	\$161.25	\$161.25
Out-of-State Students (in addition to the above fees):					
Non-Resident Tuition Fee	\$707.21	\$707.21	\$707.21	\$707.21	\$707.21
Non-Resident Student Financial Aid Fee	35.36	35.36	35.36	35.36	35.36
Subtotal	\$742.57	\$742.57	\$742.57	\$742.57	\$742.57
Local Fees ¹					
Activity & Service Fee	\$16.06	\$17.35	\$18.19	\$19.06	\$19.06
Athletic Fee	1.90	1.90	1.90	1.90	1.90
Transportation Access Fee	8.41	8.91	8.91	9.44	9.44
Health Fee	13.82	14.11	14.93	15.81	15.81
Technology Fee	5.16	5.25	5.25	5.25	5.25
Subtotal	\$45.35	\$47.52	\$49.18	\$51.46	\$51.46
Total In-State Tuition and Fees	\$204.76	\$208.77	\$210.43	\$212.71	\$212.71
Total Out-of-State Tuition and Fees	\$947.33	\$951.34	\$953.00	\$955.28	\$955.28

¹ Local 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 credit hour for the academic years indicated.

Registration, Tuition and Local Fees for Graduate Students per Credit Hour by Academic Year

Registration and Tuition Fees (per credit hour)	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
In-State Students:					
Tuition	\$448.73	\$448.73	\$448.73	\$448.73	\$448.73
Student Financial Aid Fee	22.43	22.43	22.43	22.43	22.43
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
Total	\$477.92	\$477.92	\$477.92	\$477.92	\$477.92
Out-of-State Students (in addition to the above fees):					
Non-Resident Tuition Fee	\$690.21	\$690.21	\$690.21	\$690.21	\$690.21
Non-Resident Student Financial Aid Fee	34.51	34.51	34.51	34.51	34.51
Total	\$724.72	\$724.72	\$724.72	\$724.72	\$724.72
Local Fees ¹					
Activity & Service Fee	\$16.06	\$17.35	\$18.19	\$19.06	\$19.06
Athletic Fee	1.90	1.90	1.90	1.90	1.90
Transportation Access Fee	8.41	8.91	8.91	9.44	9.44
Health Fee	13.82	14.11	14.93	15.81	15.81
Technology Fee	6.45	6.56	6.56	6.56	6.56
Total	\$46.64	\$48.83	\$50.49	\$52.77	\$52.77
Total In-State Tuition and Fees	\$524.56	\$526.75	\$528.41	\$530.69	\$530.69
Total Out-of-State Tuition and Fees	\$1,249.28	\$1,251.47	\$1,253.13	\$1,255.41	\$1,255.41

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

History of General Revenue Appropriations. The following table sets forth the history of General Revenue appropriations available to the University, which includes appropriations for Educational and General, the University's Institute of Food and Agricultural Sciences and the University's Health Science Center (medicine, veterinary medicine and dentistry), for Fiscal Year 2011-12 through Fiscal Year 2015-16. General Revenue appropriations are primarily funded from Florida's sales tax.

History of General Revenue Appropriations

	General Revenue
Fiscal Year	Appropriations ¹
2012-13	\$428,000,284
2013-14	\$511,447,651
2014-15	\$544,318,631
2015-16	\$571,762,243
2016-17	\$589,442,765

¹Includes General Revenue Appropriations for Educational & General, IFAS and the University's Health Science Center.

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 \$428 million in general revenue to the University of Florida, reflecting a net reduction of \$27.5 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 \$511.4 million in general revenue to the University of Florida, reflecting a net increase of approximately \$83.4 million in general revenue appropriations from Fiscal Year 2012-13. The increase included a \$15 million appropriation for being one of two institutions designated as a Preeminent State Research University, and an additional \$15 million for the designation of Preeminent State Research University Institute for Online Learning.

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 \$32.9 million and \$27.4 million, respectively. The University received recurring appropriations of \$15 million and additional one-time appropriations of \$5 million in both 2014-15 and 2015-16 for being one of two institutions designated as a Preeminent State Research University, and an additional \$5 million for the designation of Preeminent State Research University Institute for Online Learning.

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 Other than General Revenue Appropriations

	Educational	Contracts	Auxiliary		
Fiscal Year	& General ¹	& Grants	Enterprises	Other ²	Total
2011-12	\$364,352,844	\$843,880,393	\$415,953,781	\$1,326,695,355	\$2,950,882,373
2012-13	\$368,781,664	\$810,106,111	\$425,634,509	\$1,341,709,005	\$2,946,231,289
2013-14	\$383,102,379	\$772,560,850	\$379,500,287	\$1,271,352,725	\$2,806,516,241
2014-15	\$392,409,281	\$860,368,095	\$435,154,179	\$1,219,942,176	\$2,907,873,731
2015-16	\$389,785,674	\$945,701,386	\$451,782,604	\$1,494,527,201	\$3,281,796,865

Includes tuition and funds received from the State's Educational Enhancement Trust Fund from sales of lottery tickets.

Includes Student Activities, Concessions, Student Financial Aid, Athletics, the Self-Insurance Program, the Technology Fee, and Faculty Practice Plans. Beginning with the Fiscal Year 2011-12 budget, Faculty Practice Plan operations were consolidated to save administrative costs. Payroll and supply costs are now run through the University, with the practice plans transferring funds to the University to pay for those costs.

History of Financial Aid Awards. The following table sets forth the history of financial aid awards from Fiscal Year 2011-12 through Fiscal Year 2014-15.

History of Financial Aid Awards

Source of Award	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Federal Number	24,798	24,309	23,606	23,484
Amount	\$307,787,681	\$312,575,961	\$310,778,446	\$310,894,749
State	24.100	22.504	22,400	22.070
Number Amount	34,199 \$129,896,731	33,594 \$127,650,698	33,490 \$124,371,269	32,970 \$124,191,298
Institutional	40.004		24.452	
Number Amount	19,921 \$82,384,670	22,882 \$93,488,705	21,153 \$91,820,958	21,953 \$94,715,522
Private				
Number Amount	5,865 \$26,998,158	5,715 \$28,099,483	5,811 \$29,832,211	5,678 \$31,331,216
Total				
Number Amount	47,400 \$547,067,240	45,995 \$561,814,847	46,193 \$556,802,884	46,491 \$561,132,785
Type of Award				
Grants Number	15,172	16,045	15,254	15,523
Amount	\$76,214,276	\$84,719,345	\$85,089,701	\$87,059,361
Loans				
Number Amount	19,307 \$263,623,818	19,170 \$269,290,871	18,123 \$267,710,131	18,132 \$266,505,081
Amount	\$203,023,010	\$209,290,871	\$207,710,131	\$200,303,081
Scholarships	24.475	26.112	24.005	25.242
Number Amount	36,675 \$168,317,072	36,113 \$167,403,528	36,097 \$162,618,619	35,342 \$164,131,340
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Student Employment Number	7,146	9,561	9,380	9,877
Amount	\$18,536,840	\$20,362,837	\$19,946,471	\$20,877,304
Custodial				
Number	4,695	4,456	4,650	4,616
Amount	\$20,375,234	\$20,038,266	21,437,962	22,559,699
Total				
Number Amount	47,400 \$547,067,240	45,995 \$561,814,847	46,193 \$556,802,884	46,491 \$561,132,785

¹ Totals are for unduplicated recipients, thus will not foot to total of individual categories of awards.

Selected Historical Financial Information

Selected University financial information for Fiscal Years 2011-12 through 2015-16 is set forth in the following two tables. This selected historical information has been derived from, and should be read in conjunction with the University financial statements and the related notes thereto, the most recent of which for Fiscal Year 2014-15 is included as Appendix G to this Official Statement. Such financial information, with the exception of Fiscal Year 2015-16, has been subject to audit procedure by the State of Florida Auditor General's Office. Implementation of GASB 68 is reflected in the presentation of the financial information below starting in Fiscal Year 2014-15.

Statement of Net Position (In Thousands)

	As of June 30				
					Unaudited
ASSETS:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Current Assets:					
Cash and Cash Equivalents	\$503	\$285	\$152	\$2,286	\$383
Investments	987,024	1,071,694	1,161,021	1,247,153	1,289,853
Accounts Receivable, Net	145,382	90,802	96,630	80,001	84,941
Loans and Notes Receivable, Net	3,155	2,821	2,787	2,983	2,906
Due from State	31,535	14,795	45,977	65,305	42,690
Due from State & Component Units	13,320	26,503	25,138	20,580	13,951
Inventories	4,680	4,570	4,690	4,580	4,448
Other Current Assets	1,824	1,964	2,130	2,765	3,669
Total Current Assets	\$1,187,423	\$1,213,434	\$1,338,525	\$1,425,653	\$1,442,841
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	\$16	\$21	\$14	\$14	\$20
Restricted Investments	100,878	104,053	152,510	95,891	99,690
Other Noncurrent Investments	-	-	-	139,276	146,252
Loans and Notes Receivable, Net	37,491	36,375	36,975	37,993	38,396
Depreciable Capital Assets	1,549,324	1,633,266	1,568,905	1,554,905	1,717,678
Nondepreciable Capital Assets	116,369	53,072	145,860	241,259	146,281
Other Noncurrent Assets	1,126	1,040	63	70	69
Total Noncurrent Assets	\$1,805,204	\$1,827,827	\$1,904,327	\$2,069,408	\$2,148,386
TOTAL ASSETS	\$2,992,627	\$3,041,261	\$3,242,852	\$3,495,061	\$3,591,227
Deffered Outflows of Resources					
Deferred Outflows of Pension Revenues	_	-	-	\$108,808	\$140,706
Total Assets and Deferred Outflows of Resources	\$2,992,627	\$3,041,261	\$3,242,852	\$3,603,869	\$3,731,993
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$75,033	\$66,992	\$64,133	\$69,001	\$72,946
Salaries and Wages Payable	19,266	19,252	24,304	25,588	38,188
Due to Component Units/University	14,863	80,174	46,547	199,777	190,128
Deferred Revenues	25,575	-	-	-	
Unearned Revenue	-	25,430	29,536	43,316	56,687
Deposits Held in Custody	9,610	16,086	19,055	11,910	11,390
Long-Term Liabilities - Current Portion:	,,010	10,000	15,000	11,510	11,000
Capital Improvement Debt Payable	_	7,307	8,605	8,909	9,283
Bonds Payable	6,919	7,507	- 0,003	0,707	7,203
Loans and Notes Payable	0,919	-	281	528	551
Installment Purchase Agreements Payable	969	916			
Capital Leases Payable	868 74	846 129	1,263 137	1,138 146	1,790 155
Compensated Absences Payable					
Net Pension Liability	7,243	9,143	11,658	11,861 4,709	16,668 5,680
•	15 440	11.506	0.106	4,709	3,080
Liability for Self-Insured Claims Other Current Liabilities	15,440	11,596	9,196	-	-
	8,349	7,133	201	\$27.C 003	¢402.466
Total Current Liabilities	\$183,240	\$244,088	\$214,916	\$376,883	\$403,466

Statement of Net Position (continued) (In Thousands)

	As of June 30				
Noncurrent Liabilities:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Unaudited 2016
Capital Improvement Debt Payable	-	\$112,094	\$172,974	\$158,314	\$148,820
Bonds Payable	119,365	-	-	-	-
Loans and Notes Payable	-	5,000	11,192	10,664	10,113
Installment Purchase Agreements Payable	1,077	772	2,097	1,921	2,634
Capital Leases Payable	3,076	2,947	2,810	2,664	2,509
Compensated Absences Payable	90,621	104,305	114,293	117,419	100,642
Other Postemployment Benefits Payable	102,458	139,775	180,690	217,539	267,706
Net Pension Liability	-	-	-	219,918	348,066
Liability for Self-Insured Claims	87,392	44,551	36,606	-	-
Other Noncurrent Liabilities	19,106	18,768	18,482	18,214	17,954
Total Noncurrent Liabilities	\$423,095	\$428,212	\$539,144	\$746,653	\$898,444
TOTAL LIABILITIES:	\$606,335	\$672,300	\$754,060	\$1,123,536	\$1,301,910
Deferred Inflows of Resources					
Deferred Inflows of Pension Resources	-	-	-	\$160,302	\$53,791
Total Liabilities and Deferred Inflows of Resources	\$606,335	\$672,300	\$754,060	\$1,283,838	\$1,355,701
NET POSITION					
Net Investment in Capital Assets Restricted	\$1,570,417	\$1,554,445	\$1,565,313	\$1,615,971	\$1,674,399
Expendable:					
Loans	\$36,065	\$35,853	\$36,317	\$37,424	\$38,829
Capital Projects	47,251	64,217	79,294	113,024	116,885
Debt Service	5,289	5,453	4,433	4,855	4,811
Other	566,081	589,690	654,866	436,577	414,880
Unrestricted	161,189	119,303	148,569	112,180	126,488
TOTAL NET POSITION	\$2,386,292	\$2,368,961	\$2,488,792	\$2,320,031	\$2,376,292
TOTAL LIABILITIES AND NET POSITION	\$2,992,627	\$3,041,261	\$3,242,852	\$3,603,869	\$3,731,993

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Statement of Revenues, Expenses and Changes in Net Position (In Thousands)

		I	Fiscal Years End	led June 30	
					Unaudited
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	2016
Student Tuition and Fees	\$462,050	\$500,508	\$508,448	\$522,444	\$557,923
Scholarship Allowances	(141,554)	(148,064)	(149,793)	(146,206)	(147,147)
Student Tuition and Fees, Net of Scholarship Allowances	320,496	352,444	358,655	376,238	410,776
Federal Grants and Contracts	408,728	391,536	366,315	386,876	407,784
State and Local Grants and Contracts	43,085	44,783	44,638	44,642	46,649
Nongovernmental Grants and Contracts	604,723	643,612	704,749	744,655	756,686
Sales and Services of Auxiliary Enterprises	129,369	131,350	129,942	126,085	125,974
Sales and Services of Educational Departments	47,771	51,555	52,012	52,098	55,648
Interest on Loans and Notes Receivable	998	976	1,178	1,092	1,146
Other Operating Revenues	2,288	2,524	2,381	3,644	3,649
Total Operating Revenues	1,557,458	1,618,780	1,659,870	1,735,330	1,808,312
OPERATING EXPENSES					
Employee Compensation and Benefits	1,522,935	1,619,868	1,724,914	1,811,810	1,882,675
Services and Supplies	446,578	460,776	472,507	496,362	546,030
Utilities and Communications	65,675	64,748	62,761	67,727	70,588
Scholarships, Fellowships and Waivers, Net	80,810	82,024	78,418	83,861	100,159
Depreciation	116,697	121,356	123,114	134,530	132,523
Self-Insured Claims and Expenses	11,803	(2,183)	(5,784)	134,330	132,323
Total Operating Expenses	2,244,498	2,346,589	2,455,930	2,594,290	2,731,975
Operating Income (Loss)	(687,040)	(727,809)	(796,060)	(858,960)	(923,663)
Operating mediae (2000)	(007,010)	(121,00))	(120,000)	(020,500)	(22,000)
NONOPERATING REVENUES (EXPENSES)					
Noncapital State Appropriations	527,880	485,479	605,890	643,570	674,086
Federal and State Student Financial Aid	197,255	114,094	116,994	115,755	115,948
State Appropriated ARRA Funds	2,384	-	-	-	-
Noncapital Grants, Contracts, and Gifts	-	84,091	82,041	262,161	136,928
Investment Income (Loss)	26,156	21,850	37,474	34,321	23,544
Net Increase (Decrease) in the Fair Value of Investments	2,355	4,304	32,524	(1,144)	(15,946)
Investment Expenses	(2,097)	(2,566)	(3,598)	(3,842)	(4,047)
Other Nonoperating Revenues	-	-	422	710	3,417
Gain (Loss) on Disposal of Capital Assets	(2,573)	(3,898)	(2,699)	(2,384)	(2,072)
Interest on Capital Asset-Related Debt	(5,483)	(6,134)	(8,048)	(8,584)	(7,585)
Other Nonoperating Expenses	(63,852)	(10,128)	(6,483)	(5,782)	(5,018)
Net Nonoperating Revenues (Expenses)	682,025	687,092	854,517	1,034,781	919,255
Income (Loss) Before Other Revenues, Expenses,					
Gains, or Losses	(5,015)	(40,717)	58,457	175,821	(4,408)
Capital State Appropriations	6,060	9,464	43,667	54,222	33,076
Capital Grants, Contracts, and Donations	15,950	13,922	17,707	31,945	27,593
Total Other Revenues, Expenses, Gains, or Losses	22,010	23,386	61,374	86,167	60,669
Increase (Decrease) in Net Position	16,995	(17,331)	119,831	261,988	56,261
Net Position, Beginning of Year					
	2,369,297	2,386,292	2,368,961	2,488,792	2,320,031
Adjustment to Beginning Net Position Adjusted Net Position Reginning of Vegr as Postated	2 360 207	2 386 202	2 268 061	(430,749)	2 220 021
Adjusted Net Position, Beginning of Year, as Restated	2,369,297	2,386,292	2,368,961	2,058,043	2,320,031
Net Position, End of Year	\$2,386,292	\$2,368,961	\$2,488,792	\$2,320,031	\$2,376,292

Students

General. The University of Florida enrollment is currently around 52,500 students. In recent years, the University has been focusing on improving the quality of the undergraduate enrollment. The Fall 2015 semester enrollment was 52,519: about 65% were undergraduates; 23% were graduate students; and 8% were professional students; and 4% were unclassified non-degree seeking students. A total of 7,221 (14%) of the Fall 2015 enrollment were first time college freshman (including students enrolled in summer 2015). The demographics of the Fall 2015 enrollment were as follows: 54% female; 46% male; 33.2% minorities (which includes African American, Hispanic, Asian, Two or More Races, American Indian/Alaska Native, and Native Hawaiian or Other Pacific Islander); 6.2% African American; 17.0% Hispanic; and 9.2% foreign students. Unknown race/ethnicity was 3.2% and White students were 54.5% of the student body. The middle 50% of SAT scores of entering freshman in Fall 2015 ranged from 1760 to 2020 and the mid-range of their high school grade point averages was 4.2-4.5.

About one-fourth of the undergraduate student body lives in campus residence halls or fraternity or sorority houses. The majority of remaining students live in private apartments surrounding campus. A relatively small number of students commute each day to campus from their permanent home addresses. The University of Florida's students lead a rich social and extracurricular life. They belong to 1,040 student organizations, attend hundreds of sporting events, concerts, art exhibits and theatrical productions each year and enjoy a variety of outdoor activities throughout the year.

Student Enrollment. The following table shows the admission and registration data for the University of Florida for the most recent five fall semesters for which information is available.

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Admission and Registration Headcounts and Percentages by Type of Student

	Fall <u>2011</u>	Fall <u>2012</u>	Fall <u>2013</u>	Fall <u>2014</u>	Fall 2015
Total Students:					
No. of Applicants	52,234	52,525	51,096	51,238	54,839
No. Admitted	18,970	19,967	19,423	20,836	22,503
% of Applicants Admitted	36.3%	38.0%	38.0%	40.7%	41.0%
No. Enrolled	9,921	9,917	9,674	10,381	11,432
% of Admitted Enrolled	52.3%	49.7%	49.8%	49.8%	50.8%
First-Time-in-College:					
No. of Applicants	20,457	20,149	20,327	21,046	22,818
No. Admitted	8,522	8,632	9,395	9,957	10,856
% of Applicants Admitted	41.7%	42.8%	46.2%	47.3%	47.6%
No. Enrolled	4,226	3,957	4,144	4,329	4,879
% of Admitted Enrolled	49.6%	45.8%	44.1%	43.5%	44.5%
Community College Transfers:					
No. of Applicants	3,237	3,338	3,450	3,530	3,907
No. Admitted	1,609	1,576	1,597	1,683	1,935
% of Applicants Admitted	49.7%	47.2%	46.3%	47.7%	49.5%
No. Enrolled	1,288	1,232	1,259	1,342	1,572
% of Admitted Enrolled	80.0%	78.2%	78.8%	79.7%	81.2%
Other Undergraduate					
Transfers:					
No. of Applicants	1,410	1,602	1,846	2,028	2,860
No. Admitted	311	375	409	435	593
% of Applicants Admitted	22.1%	23.4%	22.2%	21.5%	20.7%
No. Enrolled	198	243	281	302	389
% of Admitted Enrolled	63.7%	64.8%	68.7%	69.4%	65.6%
Post-Baccalaureate:					
No. of Applicants	258	143	175	260	183
No. Admitted	154	105	113	192	122
% of Applicants Admitted	59.7%	73.4%	64.6%	73.8%	66.7%
No. Enrolled	107	74	79	127	73
% of Admitted Enrolled	69.5%	70.5%	69.9%	66.1%	59.8%
Graduate:	10.622	20.476	10.704	10.215	10.707
No. of Applicants	19,633	20,476	18,794	18,215	18,797
No. Admitted	6,676	7,501	6,137	6,854	7,436
% of Applicants Admitted	34.0%	36.6%	32.7%	37.6%	39.6%
No. Enrolled	3,006	3,363	2,789	3,198	3,525
% of Admitted Enrolled	45.0%	44.8%	45.4%	46.7%	47.4%
Professional Schools:	7.22 0	c 01 7	c 7 04	c 4.50	
No. of Applicants	7,239	6,817	6,504	6,159	6,274
No. Admitted	1,698	1,778	1,772	1,715	1,561
% of Applicants Admitted	23.5%	26.1%	27.2%	27.8%	24.9%
No. Enrolled	1,096	1,048	1,122	1,083	994
% of Admitted Enrolled	64.5%	58.9%	63.3%	63.1%	63.7%

The table below shows the full-time equivalent (FTE) enrollment of the University of Florida by level for each of the past five academic years. 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 30 hours for undergraduate students and 24 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. Despite increased demand, enrollment numbers have slightly declined over the past five years because the University has intentionally constrained enrollment, due to state budget cuts and the desire to maintain the quality of education.

Full-Time Equivalent Enrollment by Level and Total Headcount Enrollment

	Annual Fu	ıll-Time Equi	Fall Headcount						
Academic Year	Undergraduate	Graduate ¹	<u>Total</u>	<u>Undergraduate³</u>	Graduate	Other ²	Total		
2011-12	32,114	14,599	46,713	32,187	12,031	5,567	49,785		
2012-13	32,216	14,629	46,845	32,176	12,189	5,721	50,086		
2013-14	32,316	14,517	46,833	32,485	11,766	5,844	50,095		
2014-15	32,617	14,129	46,800	32,928	11,570	6,038	50,536		
2015-16	32,664	14.036	46.700	34.164	12.117	6.238	52.519		

¹ Includes medical professionals.

Projected Annual Full-Time Equivalent and Headcount Enrollment

Annual FTE

Academic				- Fall
Year Year	<u>Undergraduate</u>	<u>Graduate¹</u>	Total	Headcount
2016-17	33,715	14,411	48,126	53,039
2017-18	35,109	14,715	49,824	53,552
2018-19	36,692	14,771	51,463	53,948
2019-20	38,177	14,774	52,951	54,311

¹ Includes Medical Professionals.

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² Includes 1st Professionals and Unclassifieds.

³ Includes Correspondence students.

The table below shows the total enrollment of students by area of origin for the past five fall semesters.

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

<u>Area</u>	Fall <u>2011</u>	Fall <u>2012</u>	Fall 2013	Fall <u>2014</u>	Fall <u>2015</u>
Florida	40,852	40,674	40,468	40,562	41,452
New York	430	450	490	544	631
Georgia	464	487	514	531	603
Virginia	270	300	318	368	379
Texas	312	325	315	341	423
Pennsylvania	259	253	285	313	361
California	308	326	345	384	437
New Jersey	205	218	252	292	355
All other states	<u>2,933</u>	<u>2,965</u>	<u>3,038</u>	<u>3,277</u>	<u>3,501</u>
USA Total	46,033	45,998	46,025	46,612	48,142
Not Residing in U.S. ¹	<u>3,752</u>	4,088	<u>4,070</u>	<u>3,924</u>	4,377
Total Enrollment	<u>49,785</u>	<u>50,086</u>	<u>50,095</u>	<u>50,536</u>	<u>52,519</u>

¹ United States citizens not residing in the United States at the time of their admission or readmission. Excludes Unknown Country.

Student Recruitment. The University of Florida Office of Admissions is responsible for recruiting and enrolling a student body consisting of nationally outstanding academic talent. Students for whom intense study with faculty in seminars and tutorials will have rich personal meaning are recruited. The annual national campaign to recruit and enroll the fall class involves creating and updating publications; communicating with prospective students through direct mail and tele-counseling campaigns; traveling to selected secondary schools, college fairs, Florida 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. Affirmative action 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.

Student Quality Indicators. The following table shows the mid 50% range of 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 University for the past five fall semesters for which such date is available.

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

Fall	High School GPA's	SAT Scores*	ACT Scores**
2011	4.1 - 4.4	1830 - 2090	28 - 32
2012	4.0 - 4.4	1810 - 2080	27 - 29
2013	4.1 - 4.4	1780 - 2080	27 - 31
2014	4.1–4.5	1760 –2010	26 - 31
2015	4.2–4.5	1760 –2020	27 - 31

^{*} Recentered SAT scores.

^{**}Enhanced ACT scores.

The following table shows the degrees awarded to the students at the University of Florida over the past five years for which such date is available.

Degrees Granted by Discipline

		<u>2011</u>	-12			2012	-13			<u>2013</u>	<u>-14</u>			<u>2014</u>	<u>-15</u>	
Discipline	<u>B</u>	<u>S/M</u>	<u>P</u>	$\underline{\mathbf{D}^1}$	<u>B</u>	<u>S/M</u>	<u>P</u>	$\underline{\mathbf{D}^1}$	<u>B</u>	<u>S/M</u>	<u>P</u>	$\underline{\mathbf{D}^1}$	<u>B</u>	<u>S/M</u>	<u>P</u>	$\underline{\mathbf{D}^1}$
Agricultural and Life Sciences	1,201	187	-	84	1,154	244	-	102	1,206	214	-	93	1,111	199	_	116
Business Administration	1,122	1,088	=	10	921	953	=	18	1,051	1,050	=	10	1,091	1,054	=	18
Dentistry	=.	14	82	_	=	9	79	_	=	14	83	-	-	11	78	=
Design, Construction and Planning	231	163	=	15	209	115	=	12	204	124	=	18	180	121	=	15
Education	140	440	_	69	117	438	-	65	136	499	_	87	134	415	_	71
Engineering	1,041	965	=	207	1,038	995	=	188	1,082	1,175	1	219	1,213	671	=	193
Fine Arts	225	80	_	10	258	116	_	7	236	93	_	15	236	124	_	11
Health and Human Performance	538	128	-	11	498	102	-	18	530	74	-	16	603	67	=	22
Journalism and Communications	630	55	-	18	691	52	-	17	677	107	-	12	713	102	=	12
Law	-	114	334	-	-	131	361	2	-	103	304	2	-	102	308	-
Liberal Arts and Sciences	2,995	235	=	193	2,918	260	=	185	2,957	226	=	230	2,872	281	=	197
Medicine	-	67	134	47	-	77	131	49	-	72	129	35	_	71	132	41
Nursing	203	67	_	38	195	79	_	31	183	70	_	36	189	63	_	41
Pharmacy	-	168	461	14	-	208	427	21	-	204	430	10	_	201	386	8
Public Health & Health Professions	275	182	-	121	246	200	-	135	253	200	-	140	261	186	-	139
Veterinary Medicine		_25	_84	_8		_24	86	_8		_14	98	3		20	101	_9
TOTAL	8,601	3,978	1,095	845	8,245	4,003	1,084	858	8,515	4,239	1,045	926	8,603	3,688	1,005	892

¹ Includes Ed.D, (Doctor of Education), AUD, (Doctor of Audiology), DPM, (Doctor of Podiatric Medicine), DPT (Doctor of Physical Therapy) and DNP (Doctor of Nursing Practice) degrees.

Note: B= Baccalaureate Degree, M= Master's Degree, S= Specialist, P=Professional Degree, D= Doctoral Degree.

Excludes Interdisciplinary Studies and Multiple-College Program

Faculty

The University has 2,510 full-time "ranked" faculty (i.e., Assistant Professor, Associate Professor, Professor or similar titles). They include nationally and internationally recognized scholars, some of the most cited scientists in the world, members of the National Science Foundation Board, the National Academy of Science, National Academy of Engineering, the Institute of Medicine and their respective international counterparts. Some of the distinctive honors that have been bestowed upon the University's faculty include the Pulitzer Prize, the National Science Foundation's Presidential Young Investigator Award and the Fulbright and Guggenheim Fellowships.

Ranked Faculty Data

	Full-Time	Part-Time	Tenured	Faculty with	Student/
<u>Year</u>	Faculty ¹	Faculty ¹	Faculty ²	Terminal Degrees ³	Faculty Ratio ⁴
$2\overline{011-12}$	2,653	104	1,737	2,264	20.5/1
2012-13	2,581	112	1,740	2,222	21.4/1
2013-14	2,512	126	1,741	2,223	21.0/1
2014-15	2,497	111	1,708	2,232	20.7/1
2015-16	2,510	139	1,711	2,338	20.7/1

¹ Faculty is salaried regular appointments and does not include adjunct faculty. Librarians and Development Research School employees on faculty lines have been excluded.

² Tenured faculty includes service professors with tenure.

³ The number of terminal degrees represents faculty members with highest degree in their field.

⁴ Student/Faculty ratio is derived from annual student FTE and 9 and 12 month school/college faculty FTE for each year as reported to IPEDS.

Staff

The University as of January 30, 2016 employed the following personnel:

Pay Plan/Type	Full-Time	Part-Time	<u>Total</u>
Faculty ¹	4,560	989	5,549
TEAMS/USPS	8,608	160	8,768
Graduate Assistants	11	3,937	3,948
Post-Docs	589	35	624
OPS^2	3,237	7,313	10,550
Lab School	82	2	84
Librarians	73	0	73
Total Employees	17,160	12,436	29,596

¹ Includes OPS faculty, extension agents, adjunct faculty, administrative faculty, support faculty, and regular faculty.

Division of Student Affairs

As an integral part of the academic mission of the University of Florida, the Division of Student Affairs educates students to assume roles of leadership, involvement and service in a global community. The Division plays a vital role in creating and maintaining a healthy campus environment through services, programs and innovative learning experiences beyond the classroom.

The Division of Student Affairs has administrative responsibility for the following functional areas: Career Resource Center, Center for Leadership and Service, Counseling and Wellness Center, Dean of Students Office, Florida Opportunity Scholars Program, Gatorwell Health Promotion Services, Housing and Residence Education, Multicultural and Diversity Affairs, Off Campus Life, J. Wayne Reitz Union, Student Activities and Involvement, Recreational Sports, and Student Legal Services.

Through its various departments, the Division of Student Affairs sponsors several university-wide programs, activities, and services for students. These include programs for transitioning new students, such as Convocation, the Common Reading Program, and Preview (orientation); programs to support student success such as Career Showcase, the Health Hut, and intramural sports; and activities to enhance the student experience such as living-learning communities in the residence halls, community service opportunities, and involvement through more than 900 registered student organizations. Additionally, the Dean of Students Office and the Counseling and Wellness Center provide assistance for students in distress.

The Florida Opportunity Scholars Program is an initiative that was created in 2006 to ensure first-generation students from low income families have the resources they need to be academically successful at the University of Florida (UF). Admitted UF students whose annual family income is less than \$40,000 are eligible for the program. Students in the program are able to graduate at the same rate, or in some cases faster, than the university's overall graduation rate due to the financial and personal support from UF. There are approximately 1,400 students on campus each year who are current Florida Opportunity Scholars.

Endowments and Fund Raising Efforts

The University of Florida Foundation, Inc. (the "Foundation") is a not-for-profit, tax exempt organization responsible for receiving, investing and administering private support for the University of Florida.

Created in 1934 as the "University of Florida Endowment Corporation," its scope and role expanded during the 1950's until the Foundation became the principal fund-management and fund-raising arm of the university. In 1964, the Board of Regents and the State of Florida certified the "University of Florida Foundation" as a direct support organization for the University of Florida. The Foundation is designated a charitable organization under section 501(c)(3) of the Internal Revenue Code.

Currently, the University of Florida receives about one-third of its annual operating budget from State tax and lottery revenues. Other sources of University of Florida income are tuition and fees; grants and contracts; income from operations and services; the spendable income from the endowment and private gifts.

In Fiscal Year 2014-15 the University received \$216 million in voluntary private contributions. As of June 30, 2015, the total private endowment at the Foundation was \$1.56 billion, while the total value of the assets managed by the Foundation was approximately \$1.86 billion. The Foundation provided the University with \$125.1 million in support from non-endowed gifts and spendable transfers from the endowment in Fiscal Year 2014-15.

² Includes OPS staff, temporary student employees, and Federal Work Study.

The Foundation and the Office of Development and Alumni Affairs support several programs through which University of Florida alumni and friends can participate in the life of a great institution.

- The University of Florida President's Council recognizes individuals, couples and organizations that support the University with a cumulative lifetime gift of \$100,000.
- The Annual Fund drive, called the Florida Fund, offers donors the opportunity to contribute to a wide range of academic programs and purposes on campus, annually.
- There are more than 102 University of Florida Gator Clubs which help recruit students, fund scholarships and provide links to the University and to other University of Florida alumni and friends 51 of these clubs exist outside of Florida, including 11 overseas.

The table below sets forth financial information relating to the University of Florida Foundation, Inc. for the Fiscal Years 2010-11 through 2014-15. The large fluctuations in revenues are directly related to the fluctuations of investment income in the endowment. The financial markets have fluctuated greatly over the last five years.

Fiscal Year ¹	$Assets^2$	<u>Liabilities</u>	Revenues	Expenditures
2010-11	1,711,205,997	78,854,726	317,631,840	131,943,241
2011-12	1,694,623,812	70,003,110	125,601,298	123,039,694
2012-13	1,807,778,950	75,487,868	246,734,901	139,103,286
2013-14	1,971,849,920	68,776,253	321,732,153	151,098,883
2014-15	1,860,569,309	96,964,697	189,743,626	324,387,249

¹ Fiscal Years ended June 30.

Gifts received by the University of Florida Foundation are shown by restriction and giving program in the table below for the past five Fiscal Years. The Gift Matching Program was temporarily suspended in 2011 and no further distributions from the program have been received since 2008. It is anticipated that gifts will remain around \$100 million over the next few years, but this will be subject to the overall financial markets which impacts their donors.

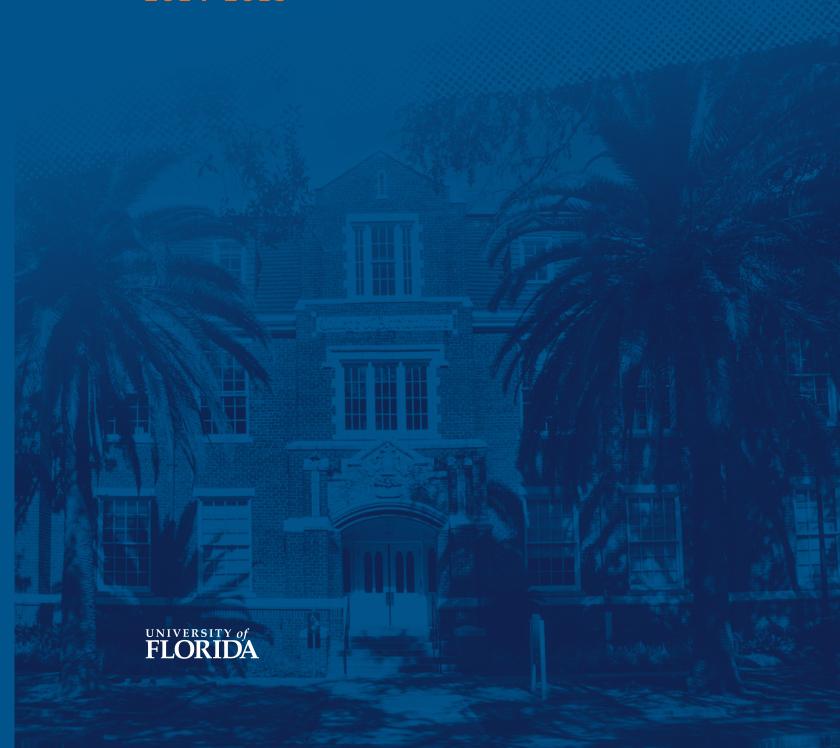
Gift Report Current Receipts and Deferred Additions by Restriction and Giving Program For the Twelve Month Period Ended June 30

Giving Program	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Total Unrestricted Gifts	\$193,821	\$175,981	\$100,643	\$112,393	\$144,158
Total Restricted Gifts	61,434,963	53,983,322	69,445,019	80,110,028	60,633,694
Total Endowments	44,731,498	46,275,602	40,031,456	31,624,980	31,138,703
Total Gifts Received	\$106,360,282	\$100,434,905	\$109,577,118	\$111.847.401	\$91.916.555

² Includes amounts held by the Foundation for the University of Florida.



ANNUAL FINANCIAL REPORT 2014-2015



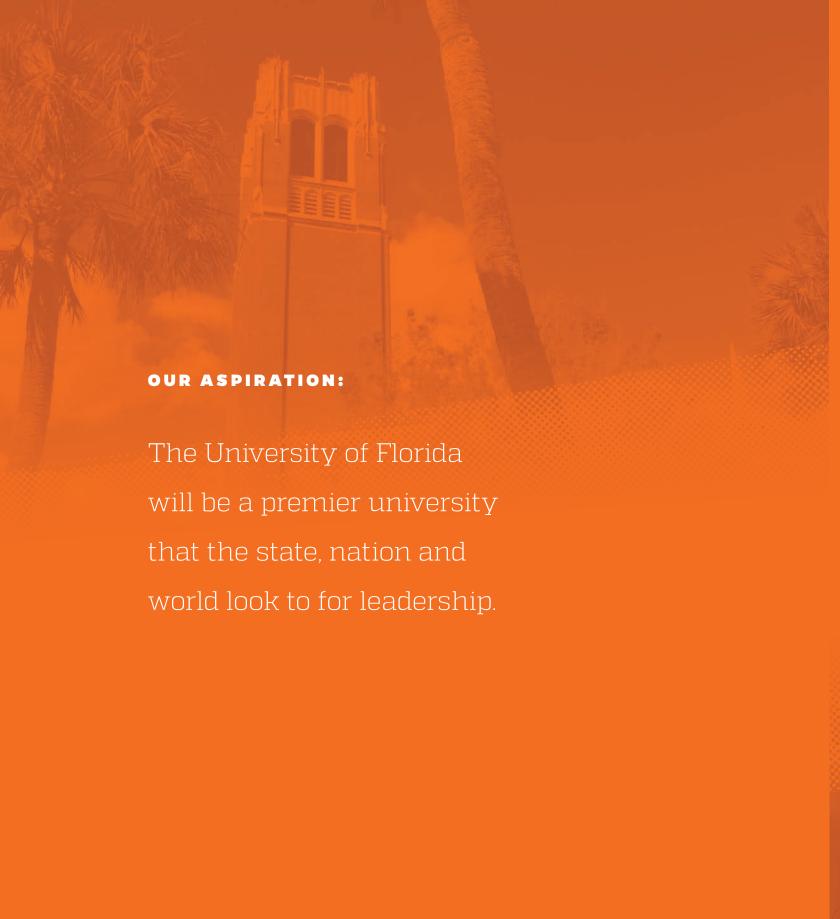




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INTRODUCTION FROM THE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

I am pleased to present the University of Florida Annual Financial Report for the fiscal year ended June 30, 2015. This report includes Management's Discussion and Analysis (MD&A), financial statements, and notes to the financial statements which provide useful information concerning the University's financial position and activities for the year. A summary is provided in the Financial Highlights section of the MD&A on page six.

The mission of the Office of the Vice President and Chief Financial Officer is to "Provide leadership in financial planning, decision making and process improvement." We continually seek opportunities that allow us to implement our mission and return monies back to units accomplishing the University's missions of education, research and public service. Highlights of some of our accomplishments include:

- In an effort to help improve business intelligence tools, "myinvestiGator" was created. This is a web-based, intuitive, easy to use decision making tool to help faculty and staff track the nearly \$700 million in annual research funding at the University of Florida. The estimated annual time and effort savings from the creation of myinvestiGator is approximately \$5 million.
- We continue to implement a managed print solution for campus. This solution has a multiyear rolling implementation timeframe that will encompass copiers, fax machines, scanners and printers.
 Estimated annualized savings accruing to the user units of approximately \$1.1 million are expected to continue from this implementation.
- We have established the Business Process
 Improvement Office that seeks to find ways to
 improve, streamline and simplify the way we do
 business at the University.
- Our Gator Business Administrator Services program provides professional development opportunities and resources to assist business administrators in their roles at UF. This program continues to grow in scope of service offerings as well as number of participants.

In addition to the business processes improvements and efforts noted above, fiscal year 2015 included the completion or near completion of several major construction projects:

• Heavener Hall - houses the undergraduate program for the Warrington College of Business;

- Cypress Hall a residence hall designed for undergraduate students and students with disabilities; and
- Several renovation projects on various residence halls.

Construction continues on several major projects including the George T. Harrell, MD Medical Education Building, and the J. Wayne Reitz Union construction and renovation project. The Harrell Medical Education Building, expected to be completed in 2016, is named after the College of Medicine's founding dean and aspires to be a national model for active learning and medical simulation. The Reitz Union project is expected to be completed later this year. The dramatic expansion and renovation project adds 100,000 square feet of new space for student clubs and organizations, quiet study spaces, lounges and dance rehearsal studios.

The University enterprise continues to advance its mission with UF Health constructing two new hospital towers in Gainesville and one in Jacksonville. The University Athletic Association has completed work on an indoor practice facility and continues work on renovations to the Office of Student Life. In addition, much needed renovations to the Stephen O'Connell Center, jointly funded by UF and the University Athletic Association, are scheduled to begin in the spring of 2016. The University of Florida Foundation continues to raise essential private funds that help advance the mission of UF. Finally, the research enterprise led by the Office of Research and the University of Florida Research Foundation has continued to grow and expand the business of scholarly research.

The State of Florida has continued its investment in higher education by providing new performance funding as well as additional funding for the preeminence initiative enabling the University to add new faculty. In addition, the State appropriated \$13 million for the Nuclear Science Building renovations (NEXUS Engineering Addition).

We remain steadfast in our commitment to invest in the best solutions and successes for educating current and future generations.

Sincerely,

Michael V. McKee Vice President and Chief Financial Officer

Thicked 11. McKee





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



Phone: (850) 412-2722 Fax: (850) 488-6975

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 the University of Florida, 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 aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate 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 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Florida 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.

Report on Partial Comparative Information

We have previously audited the University of Florida's 2013-14 fiscal year financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2014. In our opinion, the partial comparative information presented as of and for the fiscal year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

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. Additionally, University management determined that the University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company, previously reported as blended component units, should be reported as discretely presented component units, which is a change in reporting entity. These changes affect 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 these matters.

Other Matters

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, and Schedule of University Contributions - Health Insurance Subsidy Pension Plan, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Florida's basic financial statements. The Introduction from the Vice President and Chief Financial Officer is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Introduction from the Vice President and Chief Financial Officer has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the University of Florida'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 the University of Florida's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman, CPA Tallahassee, Florida February 17, 2016

Audit Report No. 2016-098

MANAGEMENT'S DISCUSSION AND ANALYSIS

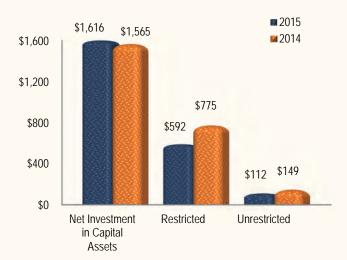
From the Vice President and Chief Financial Officer

Introduction and Background

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Florida (the University) for the fiscal year ended June 30, 2015, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities, as amended by GASB Statements Nos. 37 and 38. The MD&A, 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 \$3.5 billion at June 30, 2015. This balance reflects a \$252.3 million, or 7.8%, increase from the 2013-14 fiscal year. The increase in assets resulted primarily from an increase in construction projects as well as an increase in total investments. While total assets increased, liabilities also increased by \$369.6 million, or 49%, totaling \$1,123.6 million at June 30, 2015, primarily as a result of the addition of the net pension liability. The University's net position decreased by \$168.8 million, or 6.8%, resulting in a year-end balance of \$2.32 billion. 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, are shown in the following chart:



The University's operating revenues totaled \$1.7 billion for the 2014-15 fiscal year, representing a 4.5% increase over the 2013-14 fiscal year. Major components of operating revenues are Student Tuition and Fees and Grants and Contracts. Student Tuition and Fees, Net of Scholarship Allowances, increased \$17.5 million, or 4.9%. Grants and Contracts revenue increased by \$60.5 million, or 5.4%.

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



Operating expenses totaled \$2.6 billion for the 2014-15 fiscal year, representing a \$138.4 million, or 5.6%, increase compared to the 2013-14 fiscal year. The two largest categories contributing to this increase were Employee Compensation and Benefits and Services and Supplies.

Net nonoperating revenues and expenses in the 2014-15 fiscal year increased \$180.3 million. Noncapital Grants, Contracts, and Gifts increased by \$180.2 million due to increased transfers from component units as a result of the University's cash consolidation initiative.

The University had significant construction activity during the year. Construction began or continues on several major projects, including four that, when completed, will be capitalized at over \$252.3 million: (1) Reitz Union Expansion and Renovation; (2) Chemistry/Chemical Biology Building; (3) Stephen O'Connell Center Renovation and Addition; and (4) NEXUS Engineering Addition.

Overview of Financial Statements

Pursuant to GASB Statement No. 35, the University's financial report includes 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.

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. Net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, 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 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. GASB Statement No. 35 categorizes revenues and expenses 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 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 the natural classifications. The University has chosen to report the expenses in their natural classifications on the Statement of Revenues, Expenses, and Changes in Net Position and has displayed the functional classifications below and in the notes to the financial statements.

Certain revenue sources that the University relies on to provide funding for operations, including Noncapital State Appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs, other costs related to capital assets, and transfers to component units.

Other Revenues, Expenses, Gains or Losses is composed of Capital State Appropriations and Capital Grants, Contracts, and Donations.

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 assists 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 reflect the net cash used by the operating activities of the University. Cash flows from capital and related financing activities include activities of the capital funds and related long-term debt. Cash flows from investing activities reflect the net source and use of cash related to the purchases and sales of investments and income earned on those investments. Cash flows from noncapital financing activities include those activities not covered in the other sections.

The University's basic financial statements include discretely presented component units categorized as follows:

Direct-Support Organizations – These are separate, not-forprofit corporations organized and operated exclusively to assist the University in achieving excellence by providing supplemental resources from private gifts, bequests, and valuable education support services.

Health Science Center Affiliates – These are the several corporations closely affiliated with the University of Florida J. Hillis Miller Health Science Center, including the Faculty Practice Plans.

Shands Hospital and Others – This includes Shands Teaching Hospital and Clinics, Inc., a not-for-profit corporation that is contractually obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the Health Science Center at the University of Florida.

The University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company are included in this category. In prior years, both of these organizations were blended with the University but are now reported as discretely presented component units.



Statement of Net Position

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

Condensed Statement of Net Po	osition <i>(in millions)</i>	
	2015	2014
Assets:		
Current Assets	\$ 1,425.7	\$ 1,338.5
Capital Assets, Net	1,796.2	1,714.7
Other Noncurrent Assets	273.2	189.6
Total Assets	3,495.1	3,242.8
Deferred Outflows of Resources	108.8	
Total Assets and Deferred		
Outflows of Resources	3,603.9	3,242.8
Liabilities:		
Current Liabilities	376.9	214.9
Noncurrent Liabilities	746.7	539.1
Total Liabilities	1,123.6	754.0
Deferred Inflows of Resources	160.3	
Total Liabilities and Deferred		
Inflows of Resources	1,283.9	754.0
Net Position:		
Net Investment in Capital Assets	1,616.0	1,565.3
Restricted	591.9	774.9
Unrestricted	112.1	148.6
Total Net Position	\$ 2,320.0	\$ 2,488.8

The increase in assets resulted primarily from an increase in construction in progress as well as total investments, which increased by \$94.8 million and \$168.8 million, respectively. Investments grew as a result of the University's cash consolidation initiative. As part of this initiative, the University of Florida Foundation, Inc., transferred the ownership of approximately \$165.0 million in non-endowed funds to the University during the 2014-15 fiscal year. In addition, the University started to invest additional funds from various component units during the 2014-15 fiscal year. The increase in current liabilities primarily relates to instances whereby the ownership of the funds was not transferred to the University. The University reports this liability as Due to Component Units.

The large increase in noncurrent liabilities is primarily due to the addition of the \$219.9 million net pension liability following the adoption of 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 reported deferred outflows of resources and deferred inflows of resources are a result of the University's implementation of GASB Statement No. 68.

Statement of Revenues, Expenses, and Changes in Net Position

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

Condensed Statement of Revenues, Expenses, and Changes in Net Position (in millions)						
		2014-15		2013-14		
Operating Revenues Operating Expenses	\$	1,735.3 (2,594.3)	\$	1,659.9 (2,455.9)		
Operating Loss		(859.0)		(796.0)		
Net Nonoperating Revenues		1,034.8		854.5		
Income Before Other Revenues, Expenses, Gains, or Losses		175.8		58.5		
Other Revenues, Expenses, Gains, or Losses		86.2		61.3		
Increase in Net Position		262.0		119.8		
Net Position, Beginning of Year		2,488.8		2,369.0		
Adjustments to Beginning Net Position		(430.8)				
Net Position, Beginning of Year, as Restated		2,058.0		2,369.0		
Net Position, End of Year	\$	2,320.0	\$	2,488.8		

The University's Net Position decreased by \$168.8 million, primarily due to the addition of the net pension liability. Beginning Net Position was adjusted due to the implementation of GASB Statement No. 68 and the change in reporting of the University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company. These entities were included within the University reporting entity as blended component units in prior fiscal years but were reported as discretely presented component units for the 2014-15 fiscal year.

Operating Revenues

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

Operating Revenues (in millions)		
	2014-15	 2013-14
Grants and Contracts	\$ 1,176.2	\$ 1,115.7
Student Tuition and Fees, Net of		
Scholarship Allowances	376.2	358.7
Sales and Services of Auxiliary Enterprises	126.1	129.9
Sales and Services of		
Educational Departments	52.1	52.0
Other	4.7	 3.6
Total Operating Revenues	\$ 1,735.3	\$ 1,659.9

Increases in operating revenues during the 2014-15 fiscal year resulted primarily from increases in awards of Federal Grants and Contracts and Nongovernmental Grants and Contracts, which increased by \$20.6 million and \$39.9 million, respectively.

Operating Expenses

The following table summarizes the operating expenses for each method of classification for the 2014-15 and 2013-14 fiscal years:

Operating Expenses (in millions)		
Natural Classifications	 2014-15	 2013-14
Employee Compensation and Benefits	\$ 1,811.8	\$ 1,724.9
Services and Supplies	496.4	472.5
Depreciation	134.5	123.1
Scholarships, Fellowships and Waivers *	83.9	78.4
Utilities and Communications	67.7	62.8
Self-Insured Claims and Expenses		 (5.8)
Total Operating Expenses	\$ 2,594.3	\$ 2,455.9
Functional Classifications	2014-15	2013-14
Instruction	\$ 716.3	\$ 686.8
Research	606.1	584.7
Public Service	475.7	432.1
Academic Support	176.2	167.2
Institutional Support	164.4	162.3
Depreciation	134.5	123.1
Auxiliary Operations	118.6	112.3
Operation and Maintenance of Plant	104.6	94.9
Scholarships, Fellowships and Waivers *	61.5	56.7
Student Services	36.4	 35.8
Total Operating Expenses	\$ 2,594.3	\$ 2,455.9

and \$149.8 million in the 2013-14 fiscal year.

Operating expenses increased primarily due to an \$86.9 million increase in Employee Compensation and Benefits related to an increase in Other Postemployment Benefits Payable and pay

Nonoperating Revenues and Expenses

The following table summarizes the University's nonoperating revenues and expenses for the 2014-15 and 2013-14 fiscal years:

Nonoperating Revenues (Expenses) (in millions)						
		2014-15		2013-14		
Noncapital State Appropriations	\$	643.6	\$	605.9		
Federal and State Student Financial Aid		115.8		117.0		
Noncapital Grants, Contracts, and Gifts		262.2		82.0		
Investment Income, Net of Expenses		30.5		33.9		
Increase (Decrease) in						
Fair Market Value of Investments		(1.1)		32.5		
Loss on Disposal of Capital Assets		(2.4)		(2.7)		
Interest on Capital Asset-Related Debt		(8.6)		(8.0)		
Other Net Nonoperating Expenses		(5.2)		(6.1)		
Net Nonoperating Revenues	\$	1,034.8	\$	854.5		

The increase in Net Nonoperating Revenues of \$180.3 million resulted primarily from increases in Noncapital State Appropriations and Noncapital Grants, Contracts, and Gifts, which are partially offset by a decrease in the fair market value of investments.

Other Revenues, Expenses, Gains, or Losses

The following table 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 (in millions)						
		2014-15		2013-14		
Capital State Appropriations Capital Grants, Contracts, and Donations	\$	54.2 32.0	\$	43.6 17.7		
Total Other Revenues, Expenses, Gains, or Losses	\$	86.2	\$	61.3		

Statement of Cash Flows

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

Condensed Statement of Cash Flows (in millions)						
		2014-15		2013-14		
Cash Provided (Used) by: Operating Activities	\$	(662.7)	\$	(633.0)		
Noncapital Financing Activities	*	1,162.4	*	770.0		
Capital and Related Financing Activities		(176.3)		(58.3)		
Investing Activities		(321.3)		(78.8)		
Net Increase (Decrease) in Cash and Cash Equivalents		2.1		(0.1)		
Cash and Cash Equivalents, Beginning of Year		0.2		0.3		
Cash and Cash Equivalents, End of Year	\$	2.3	\$	0.2		

Major sources of funds came from Grants and Contracts (\$1,202.6 million), Noncapital State Appropriations (\$643.6 million), Student Tuition and Fees, Net (\$380 million), and Sales and Services of Auxiliary Enterprises (\$128.3 million). Major uses of funds were for Payments to Employees (\$1,788.4 million), Payments to Suppliers for Goods and Services (\$558.7 million), and the Purchase or Construction of Capital Assets (\$200.5 million).

Capital Assets, Capital Expenses and Commitments, and Debt Administration

CAPITAL ASSETS

At June 30, 2015, the University had approximately \$3.7 billion in capital assets, less accumulated depreciation of \$1.9 billion, for net capital assets of \$1.8 billion. Depreciation charges for the current fiscal year totaled \$134.5 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Total Capital Assets, Net (in millions)					
		2015		2014	
Land	\$	11.9	\$	11.3	
Buildings		1,261.1		1,277.0	
Infrastructure and Other Improvements		51.1		47.0	
Furniture and Equipment		180.8		182.9	
Library Resources		51.9		53.9	
Property Under Capital Lease					
and Leashold Improvements		9.8		7.9	
Other Capital Assets		4.4		4.3	
Construction in Progress		225.2		130.4	
Total Capital Assets (Nondepreciable					
and Depreciable, Net)	\$	1,796.2	\$	1,714.7	
Additional information about the University's capital assets is presented in Note 9 to the financial statements.					

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses were incurred on the following ongoing projects for the fiscal year ended June 30, 2015: Reitz Union Expansion and Renovation (\$29.6 million); Harrell Medical Education Building (\$23.4 million); Cypress Hall - Single Student Housing (\$12.7 million) and Chemistry/Chemical Biology Building (\$11.0 million).

The University's construction commitments at June 30, 2015, are as follows:

Major Capital Commitments (in millions)	
	Amount
Total Commitments Completed to Date	\$ 596.5 225.2
Balance Committed	\$ 371.3

Additional information about the University's capital commitments is presented in Note 16 to the financial statements.



DEBT ADMINISTRATION

At June 30, 2015, the University had \$184.3 million in outstanding Capital Asset-Related Debt, representing a decrease of \$15.1 million, or 7.6%, from the prior fiscal year. The following table summarizes the outstanding capital asset-related debt by type of debt at June 30:

Capital Asset-Related Debt (in millions)					
		2015		2014	
Capital Improvement Debt	\$	167.2	\$	181.6	
Loans and Notes		11.2		11.5	
Installment Purchase Agreements		3.1		3.4	
Capital Leases		2.8		2.9	
Total Capital Asset-Related Debt	\$	184.3	\$	199.4	

Additional information about the University's capital asset-related debt is presented in Note 13 to the financial statements.

Economic Factors That Will Affect the **Future**

The University's economic condition is closely tied to that of the State of Florida. The Florida Economic Estimating Conference held on July 17, 2015, revealed the State's economy is growing at a slow to moderate pace. The forecast suggests overall stability for the Florida economy, with modest, yet uneven growth in all of the key economic indicators – personal income, employment, housing starts, light vehicle registrations and tourism. With job growth and increased reasons for optimism in the labor market, the State's unemployment rate continues to improve. The forecast expects the downward trend to continue towards a long-term rate of unemployment around 4.9%. Housing starts, light vehicle registrations and tourism are all on an upward growth trend and the forecast expects this trend to continue.

The modest economic conditions are reflected in the University's \$30.4 million increase in State Appropriations for the coming fiscal year. The State budget for the 2015-2016 fiscal year includes, for the University, \$39.8 million in performance funding allocation and a reduction of \$7.1 million in other non-recurring items. An additional \$5 million was added to the preeminence initiative enabling the University to add new faculty.

Major Capital State Appropriations include \$13 million for the Nuclear Science Building renovations and a new boiler installation.

The 2015-2016 fiscal year budget reflects the sustained commitment of the Legislature and the Governor to support the University of Florida in its quest to become one of the nation's top ten public research universities.

Requests for Information

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Alan M. West, Assistant Vice President and University Controller, P.O. Box 113200, Gainesville, Florida 32611.



STATEMENT OF NET POSITION as of June 30, 2015 (amounts expressed in thousands)

	Universit	of Florida		Component Units	S	
			Direct-Support	Health Science	Shands Hospital	
	2015	2014	Organizations	Center Affiliates	and Others	
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 1)	\$ 2,286	\$ 152	\$ 17,439	\$ 84,182	\$ 127,050	
Investments (Note 4)	1,247,153	1,161,021	65,638	12,121	394,331	
Accounts Receivable, Net (Note 5)	80,001	96,630	112,890	50,306	276,025	
Loans and Notes Receivable, Net (Note 5)	2,983	2,787	-	-	-	
Due From State (Note 6)	65,305	45,977	-	-	3,378	
Due From Component Units/University (Note 7)	20,580	25,138	178,949	45,583	105,849	
Inventories (Note 8)	4,580	4,690	52		28,037	
Other Current Assets	2,765	2,130	10,303	2,825	42,139	
Total Current Assets	1,425,653	1,338,525	385,271	195,017	976,809	
Noncurrent Assets:						
Restricted Cash and Cash Equivalents (Note 1)	14	14	23,767	-	21,108	
Restricted Investments (Note 4)	95,891	152,510	1,684,613	11,781	663,292	
Other Noncurrent Investments (Note 4)	139,276	-	-	-	-	
Loans and Notes Receivable, Net (Note 5)	37,993	36,975	-	-	-	
Depreciable Capital Assets, Net (Note 9)	1,554,905	1,568,905	173,026	62,481	799,771	
Nondepreciable Capital Assets (Note 9)	241,259	145,860	101,256	3,803	144,669	
Other Noncurrent Assets	70	63	53	3,403	127,586	
Total Noncurrent Assets	2,069,408	1,904,327	1,982,715	81,468	1,756,426	
TOTAL ASSETS	3,495,061	3,242,852	2,367,986	276,485	2,733,235	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Pension Resources (Note 11)	108,808	-	-	-	44,136	
Accumulated Decrease in Fair Value						
of Interest Rate Swap Agreements	-	-	-	-	48,157	
Losses on Debt Refunding	-	-	-	-	496_	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	108,808				92,789	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,603,869	\$ 3,242,852	\$ 2,367,986	\$ 276,485	\$ 2,826,024	
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 69,001	\$ 64,133	\$ 25,594	\$ 14,940	\$ 212,691	
Salaries and Wages Payable	25,588	24,304	2,458	8,824	73,130	
Due To Component Units/University (Note 7)	199,777	46,547	75,416	9,070	101,148	
Unearned Revenue (Note 12)	43,316	29,536	54,553	-	-	
Deposits Held in Custody	11,910	19,055	-	74	-	
Other Current Liabilities	-	201	4,648	-	-	
Long-Term Liabilities - Current Portion: (Note 13)						
Capital Improvement Debt Payable	8,909	8,605	-	-	-	
Bonds Payable	-	-	4,180	2,041	27,210	
Loans and Notes Payable	528	281	15,130	-	-	
Installment Purchase Agreements Payable	1,138	1,263	-	-	-	
Capital Leases Payable	146	137	-	154	3,378	
Compensated Absences Payable	11,861	11,658	392	-	-	
Net Pension Liability	4,709	-	-	-	-	
Liability for Self-Insured Claims	-	9,196	30,108	-	8,393	
Total Current Liabilities	376,883	214,916	212,479	35,103	425,950	

STATEMENT OF NET POSITION as of June 30, 2015 (continued)

	University	of Florida	Component Units				
			Direct-Support	Health Science	Shands Hospital		
	2015	2014	Organizations	Center Affiliates	and Others		
Noncurrent Liabilities: (Note 13)							
Capital Improvement Debt Payable	\$ 158,314	\$ 172,974	\$ -	\$ -	\$ -		
Bonds Payable	· ·		76,450	30,995	1,003,343		
Loans and Notes Payable	10,664	11,192	5,363	8,000	-		
Installment Purchase Agreements Payable	1,921	2,097	-	-	-		
Capital Leases Payable	2,664	2,810	-	185	7,883		
Compensated Absences Payable	117,419	114,293	3,121	-	-		
Other Postemployment Benefits Payable	217,539	180,690	-	-	2,798		
Net Pension Liability	219,918	-	-	-	-		
Liability for Self-Insured Claims	-	36,606	-	-	31,574		
Other Noncurrent Liabilities	18,214	18,482	31,229		70,171		
Total Noncurrent Liabilities	746,653	539,144	116,163	39,180	1,115,769		
TOTAL LIABILITIES	1,123,536	754,060	328,642	74,283	1,541,719		
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Pension Resources (Note 11)	160,302				86,139		
Gains on Debt Refunding	-	<u> </u>			10,758		
TOTAL DEFERRED INFLOWS OF RESOURCES	160,302	-	-	-	96,897		
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,283,838	754,060	328,642	74,283	1,638,616		
NET POSITION							
Net Investment in Capital Assets	1,615,971	1,565,313	137,738	24,909	113,322		
Restricted:							
Nonexpendable:							
Endowment	-	-	1,228,625	-	97		
Expendable:							
Endowment	-	-	383,947	-	11,739		
Loans	37,424	36,317	-	-	-		
Capital Projects	113,024	79,294	-	-	-		
Debt Service	4,855	4,433	-	-	-		
Other	436,577	654,866	167,062	-	147,754		
Unrestricted	112,180	148,569	121,972	177,293	914,496		
TOTAL NET POSITION	2,320,031	2,488,792	2,039,344	202,202	1,187,408		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES							
AND NET POSITION	\$ 3,603,869	\$ 3,242,852	\$ 2,367,986	\$ 276,485	\$ 2,826,024		

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION for the Fiscal Year Ended June 30, 2015 (amounts expressed in thousands)

	University	of Florida			
			Direct-Support	Health Science	Shands Hospital
	2014-15	2013-14	Organizations	Center Affiliates	and Others
OPERATING REVENUES	ф F22 444	¢ 500.440	Φ.	Φ.	*
Student Tuition and Fees Scholarship Allowaness	\$ 522,444	\$ 508,448 (149,793)	\$ -	\$ -	\$ -
Scholarship Allowances Student Tuition and Fees, Net of Scholarship Allowances	(146,206) 376,238	358,655		<u> </u>	<u> </u>
Federal Grants and Contracts	386,876	366,315	-	-	-
State and Local Grants and Contracts	44,642	44,638			
Nongovernmental Grants and Contracts	744,655	704,749	-	_	_
Sales and Services of Auxiliary Enterprises (Note 14)	126,085	129,942	-	-	-
Sales and Services of Educational Departments	52,098	52,012	-	-	-
Sales and Services of Component Units	-	-	123,671	-	10,004
Hospital Revenues	-	-	-	737,721	1,839,612
Gifts and Donations - Component Units	-	-	87,407	-	-
Royalties and Licensing Fees - Component Units	-	-	25,640	-	-
Interest on Loans and Notes Receivable	1,092	1,178		-	-
Other Operating Revenues	3,644	2,381	9,746	97,811	32,024
Total Operating Revenues	1,735,330	1,659,870	246,464	835,532	1,881,640
OPERATING EXPENSES					
Employee Compensation and Benefits	1,811,810	1,724,914	1,553	85,047	807,638
Services and Supplies	496,362	472,507	495,843	209,873	762,264
Utilities and Communications	67,727	62,761	-	-	-
Scholarships, Fellowships and Waivers, Net	83,861	78,418	-	-	-
Depreciation	134,530	123,114	10,414	7,975	84,675
Self-Insured Claims and Expenses	-	(5,784)	-	<u> </u>	1,554
Total Operating Expenses (Note 19)	2,594,290	2,455,930	507,810	302,895	1,656,131
Operating Income (Loss)	(858,960)	(796,060)	(261,346)	532,637	225,509
NONOPERATING REVENUES (EXPENSES)					
Noncapital State Appropriations	643,570	605,890	3,500	-	7,050
Federal and State Student Financial Aid	115,755	116,994	-	-	-
Noncapital Grants, Contracts, and Gifts	262,161	82,041	-	-	-
Investment Income	34,321	37,474	75,231	500	37,433
Net Increase (Decrease) in the Fair Value of Investments	(1,144)	32,524	(1,697)	(383)	(5,244)
Investment Expenses	(3,842)	(3,598)	(472)	(833)	(7,269)
Other Nonoperating Revenues	710	422	81,735	34,043	19,854
Gain (Loss) on Disposal of Capital Assets	(2,384)	(2,699)	3,748	6,485	(659)
Interest on Capital Asset-Related Debt Other Nonoperating Expenses	(8,584) (5,782)	(8,048) (6,483)	(1,829) (63,921)	- (541,322)	(25,235) (167,086)
Net Nonoperating Revenues (Expenses)	1,034,781	854,517	96,295	(501,510)	(141,156)
	1,034,761	634,317	70,293	(501,510)	(141,130)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	175,821	58,457	(165,051)	31,127	84,353
Capital State Appropriations	54,222	43,667	-	-	-
Capital Grants, Contracts, and Donations	31,945	17,707	-	-	-
Additions to Permanent Endowments			32,749		
Total Other Revenues, Expenses, Gains, or Losses	86,167	61,374	32,749		
Increase (Decrease) in Net Position	261,988	119,831	(132,302)	31,127	84,353
Net Position, Beginning of Year	2,488,792	2,368,961	2,171,646	171,075	1,105,712
Adjustment to Beginning Net Position (Note 3)	(430,749)				(2,657)
Adjusted Net Position, Beginning of Year, as Restated	2,058,043	2,368,961	2,171,646	171,075	1,103,055
Net Position, End of Year	\$ 2,320,031	\$ 2,488,792	\$ 2,039,344	\$ 202,202	\$ 1,187,408

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS for the Fiscal Year Ended June 30, 2015 (amounts expressed in thousands)

	University	of Florida
	2014-15	2013-14
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees, Net	\$ 379,956	\$ 361,659
Grants and Contracts	1,202,629	1,113,838
Sales and Services of Auxiliary Enterprises	128,275	130,706
Sales and Services of Educational Departments	53,736	51,328
Repayment of Loans and Notes Receivable from Students	6,218	5,667
Interest on Loans Receivable	1,112	1,158
Other Operating Receipts	3,686	2,247
Payments to Employees	(1,788,368)	(1,666,456)
Payments to Suppliers for Goods and Services	(558,677)	(543,917)
Payments to Students for Scholarships and Fellowships	(83,861)	(78,418)
Loans Issued to Students	(7,432)	(6,234)
Payments on Self-Insured Claims and Expenses		(4,562)
Net Cash Used by Operating Activities	(662,726)	(632,984)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital State Appropriations	643,570	605,890
Federal and State Financial Aid	115,755	116,994
Noncapital Grants, Contracts, and Gifts	262,161	82,041
Direct Loan Program Receipts	257,939	249,032
Direct Loan Program Disbursements		(249,035)
· · · · · · · · · · · · · · · · · · ·	(257,939)	
Net Change in Funds Held for Others	160,120	(31,147)
Other Nonoperating Receipts	636	422
Other Nonoperating Disbursements	(19,745)	(4,242)
Net Cash Provided by Noncapital Financing Activities	1,162,497	769,955
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Capital Improvement Debt	-	76,647
Capital State Appropriations	34,894	12,485
Capital Grants, Contracts, and Donations	13,565	15,711
Proceeds from Sales of Capital Assets	419	532
Other Receipts for Capital Projects	74	-
Purchase or Construction of Capital Assets	(200,486)	(145,059)
Principal Paid on Capital Debt and Leases	(16,182)	(10,595)
Interest Paid on Capital Debt and Leases	(8,584)	(8,048)
Net Cash Used by Capital and Related Financing Activities	(176,300)	(58,327)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	1,731,427	1,688,033
Purchase of Investments	(2,083,839)	(1,799,918)
Investment Income	31,075	33,101
Net Cash Used by Investing Activities	(321,337)	(78,784)
Net Increase (Decrease) in Cash and Cash Equivalents	2,134	(140)
Cash and Cash Equivalents, Beginning of Year	166_	306
Cash and Cash Equivalents, End of Year	\$ 2,300	\$ 166

STATEMENT OF CASH FLOWS for the Fiscal Year Ended June 30, 2015 (continued) (amounts expressed in thousands)

	University of Florida			
		2014-15		2013-14
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	¢	(050.040)	¢	(70, 0,0)
Operating Loss Adjustments to Reconcile Operating Loss to Not	\$	(858,960)	\$	(796,060)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense		124 E20		123,114
Change in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:		134,530		123,114
Receivables, Net		14,754		(5,607)
Due From Component Units		4,558		1,365
Inventories		110		(120)
Other Assets		(784)		(145)
Accounts Payable		6,086		(8,387)
Salaries and Wages Payable		1,415		5,041
Unearned Revenue		13,780		4,106
Deposits Held in Custody		(243)		636
Other Postemployment Benefits Payable		36,849		40,915
Compensated Absences Payable		3,329		12,503
Net Pension Liability		(107,744)		-
Pension Deferred Outflows		(70,708)		-
Pension Deferred Inflows		160,302		-
Liability for Self-Insured Claims		-		(10,345)
NET CASH USED BY OPERATING ACTIVITIES	\$	(662,726)	\$	(632,984)

SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING, INVESTING, AND CAPITAL AND RELATED FINANCING ACTIVITIES

The following items are recognized on the Statement of Net Position or the Statement of Revenues, Expenses and Changes in Net Position, but are not cash transactions for the Statement of Cash Flows:

Unrealized loss on investments	\$ (1,144)
Acquisition of equipment under installment purchase agreements	\$ (1,200)
Loss on disposal of capital assets	\$ (2,384)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING **POLICIES**

The significant accounting policies followed by the University of Florida are described below to enhance the usefulness of the financial statements.

A. REPORTING ENTITY

The University of Florida 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 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 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 Florida Board of Governors Regulations. The Trustees select 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 or incomplete. Based on the application of these criteria, the University of Florida is a component unit of the State of Florida, and its financial balances and activities are discretely presented in the State's Comprehensive Annual Financial Report.

B. DISCRETELY PRESENTED COMPONENT UNITS

Based on the application of the criteria for determining component units, certain affiliated organizations are required to be included within the University reporting entity as discretely presented component units because of the significance of their relationship with the University. These organizations are legally separate from the University and are governed by separate boards. The University further categorizes its component units as Direct-Support Organizations, Health Science Center Affiliates, and Shands Hospital and Others. 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 is presented in Note 20.

However, financial activities of certain component units are not included in the University's financial statements and are denoted below with an asterisk (*). The total assets and operating revenues related to these component units are \$47 million and \$27 million, respectively. These amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

C. 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 the University of Florida and therefore the latest audited financial statements of these organizations are discretely presented in the financial statements of the University. 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. 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:

University of Florida Foundation, Inc., solicits, collects, manages, and directs contributions to the various academic departments and programs of the University, and assists the University in fund raising, public relations, and maintenance of alumni records. Their financial statements include the activities of the University of Florida Alumni Association, Inc.

The University Athletic Association, Inc., conducts various inter-collegiate athletic programs for and on behalf of the University.

University of Florida Research Foundation, Inc., promotes, encourages, and assists research activities of the University through income derived from or related to the development and commercialization of intellectual properties, which include inventions, discoveries, processes, and work products.

GatorCare Health Management Corporation coordinates and facilitates the management of the self-insured health insurance plan of the University and its participating affiliated employers, collecting and paying employer and employee premiums.

Gator Boosters, Inc., solicits funds for the benefit of the University athletic programs.

University of Florida Development Corporation develops and maintains Innovation Square where the University-owned Florida Innovation Hub is located.

Citrus Research and Development Foundation, Inc., was formed to advance disease and production research and product development activities to ensure the survival and competitiveness of Florida's citrus growers through innovation.

University of Florida Alumni Association, Inc., supports activities of the alumni of the University of Florida. Its financial transactions are reflected in the financial statements of the University of Florida Foundation, Inc.

Florida Foundation Seed Producers, Inc.,* supplies Florida farmers and producers with crop seed and nursery stock. This organization stocks foundation seed of the best-known varieties acceptable to Florida climate and soils in adequate quantities and at reasonable prices.

The University of Florida Law Center Association, Inc.,* promotes, supports and improves legal education, legal research, the legal profession and the administration of justice; and assists the Levin College of Law in the development and maintenance of a law center.

Florida 4-H Club Foundation, Inc.,* promotes the educational objectives of the 4-H Youth Development Program, an official part of the Florida Cooperative Extension Service.

University of Florida Leadership and Education Foundation, Inc.,* was formed to further agriculture and natural resource education and related activities, promote agriculture and natural resources leadership, and make contributions to and confer benefits upon the University.

University of Florida Investment Corporation* promotes the educational purposes of the University of Florida by providing investment research, advice, counsel, and management to and for the University Board of Trustees and affiliated organizations of the University.

Citrus Research and Education Foundation, Inc.,* expedites citrus production, propagates new plant materials, collects and analyzes environmental impact research data, and provides research and education support to the University of Florida Citrus Research and Education Center at Lake Alfred.

Treasure Coast Agricultural Research Foundation, Inc.,* supports, encourages, and fosters research, education, and extension at the Institute of Food and Agricultural Sciences of the University on issues related to the citrus industry within the Indian River region.

UF Historic St. Augustine, Inc.,* ensures the long-term preservation and interpretation of State-owned historic properties in St. Augustine.

Southwest Florida Research and Education Foundation, Inc.,* provides research and educational support to the

University of Florida Southwest Florida Research and Education Center.

D. HEALTH SCIENCE CENTER AFFILIATES

The corporations listed below, except University of Florida Jacksonville Healthcare, Inc., and Faculty Clinic, Inc., are Faculty Practice Plans, as provided for in Board of Governors Regulation 9.017. The Faculty Practice Plans provide educationally-oriented clinical practice settings opportunities through which faculty members provide health, medical, veterinary, and dental care to patients as an integral part of their academic activities and their employment as faculty. Because these faculty practice activities generate income, the colleges are authorized to regulate fees generated from faculty practice and maintain Faculty Practice Plans for the orderly collection and distribution of fees. These organizations provide significant support for the clinical instruction function of the University of Florida J. Hillis Miller Health Science Center (JHMHC) and are component units of the University of Florida.

Florida Clinical Practice Association, Inc., bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Medicine.

University of Florida Jacksonville Physicians, Inc., bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Medicine - Jacksonville.

Florida Veterinary Medicine Faculty Association, Inc., bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Veterinary Medicine.

University of Florida Jacksonville Healthcare, Inc., is a notfor-profit health services support organization, as provided for in Board of Governors Regulation 9.011, the purpose of which is to further medical education and operate outpatient clinic facilities, by engaging in strategic alliances and partnerships with non-academic entities, effecting managed care contracting and provider network development for the JHMHC. Its operations are funded by University of Florida Jacksonville Physicians, Inc., and Shands Jacksonville.

Faculty Associates, Inc., bills and collects clinical professional fees to support the educational, research, and service programs of the University of Florida College of Dentistry.

Faculty Clinic, Inc.,* a not-for-profit, tax-exempt corporation operates primarily as a facility management company that leases space to Shands Jacksonville and University of Florida Jacksonville Physicians, Inc.

University of Florida College of Nursing Faculty Practice Association, Inc.,* performs billing and collection of professional fees to support the educational, research and service programs of the University of Florida College of Nursing.

Florida Health Professions Association, Inc.,* performs billing and collection of clinical professional fees to support the educational, research, and service programs of the University of Florida College of Public Health and Health Professions.

University of Florida College of Pharmacy Faculty Practice Association, Inc.,* performs billing and collection of fees to support the educational, research, and service programs of the University of Florida College of Pharmacy.

E. SHANDS HOSPITAL AND OTHERS

Shands Teaching Hospital and Clinics, Inc., (Shands) was incorporated October 15, 1979, as a not-for-profit corporation. Shands, a major tertiary care teaching institution, is a leading referral center in the State of Florida and the southeast United States and facilitates medical education programs at the University.

Shands entered into a contractual agreement, as of July 1, 1980, as subsequently restated and amended, with the Florida Board of Education, to provide for the use of hospital facilities at the JHMHC through December 31, 2030, with renewal provisions. The contractual agreement also provides for the transfer to Shands of all other assets and liabilities arising from the operation of the hospital facilities prior to July 1, 1980. At termination of the contractual agreement, the net position of Shands reverts to the State Board of Education. Legal title to all buildings and improvements transferred to Shands remains with the State of Florida during the term of the contractual agreement. The contractual agreement provides for a 12-month grace period for any event of default, other than the bankruptcy of Shands. In addition, the contractual agreement limits the right of the State Board of Education to terminate the contractual agreement solely to the circumstance in which Shands declares bankruptcy and, in such event, requires net revenues derived from the operation of the hospital facilities to continue to be applied to the payment of Shands' debts.

Under the terms of the contractual agreement, Shands is obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the JHMHC and further agrees to contract with the State Board of Education for the provision of these programs. By operation of law, the University of Florida Board of Trustees has become the successor-in-interest to the State Board of Education.

Shands Jacksonville HealthCare, Inc., (Shands Jacksonville) is a Florida not-for-profit corporation. Shands Jacksonville was organized primarily to provide healthcare and related services to the community including the City of Jacksonville and surrounding counties, and to support the teaching and research missions of the University.

University Village Apartments, Inc., (the Corporation) was established in 1969, for the purpose of providing housing for low- and moderate-income families, especially those affiliated with the University of Florida. Capital was contributed at inception by the University of Florida Foundation, Inc., but no capital stock was issued because the Corporation does not operate for the benefit of any special interest. The Corporation

provided housing under Section 221(d)(3) of the National Housing Act. The facility consists of 28 two-story buildings and was regulated by the United States Department of Housing and Urban Development (HUD) as to rent charges and operating methods. The Corporation is no longer regulated by HUD since it has repaid in full its Section 221 insured loan. The Corporation dissolved as of June 17, 2015, and merged into the University Department of Housing and Residence Education. All transactions during the 2014-15 fiscal year are included in the University's financial statements.

University of Florida Self-Insurance Program (the Program) was created by the Florida Board of Regents, succeeded by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes. The Program provides comprehensive general liability and professional liability (malpractice) coverage for the University of Florida and affiliated teaching hospitals that are providing education in healthcare or veterinary services.

University of Florida Healthcare Education Insurance Company (HEIC), was created on September 1, 1994, as a self-insurance mechanism created pursuant to Section 1004.24, Florida Statutes. HEIC writes coverage for the participants in the Self-Insurance Program (the Program) for loss exposure above the Program's retention. HEIC obtains excess loss reinsurance coverage from commercial insurance carriers for certain layers of exposure.

F. 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 of Florida 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
- Basic Financial Statements:
 - 1) Statement of Net Position
 - 2) Statement of Revenues, Expenses, and Changes in Net Position
 - 3) Statement of Cash Flows
 - 4) Notes to the Financial Statements
- Other Required Supplementary Information

G. 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 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. Twenty-three component units follow GASB standards of accounting and financial reporting. Eight component units (University of Florida Foundation, Inc., Florida Foundation Seed Producers, Inc., Southwest Florida Research and Education Foundation, Inc., Citrus Research and Education Foundation, Inc., Citrus Research and Development Foundation, Inc., Treasure Coast Agricultural Research Foundation, Inc., University of Florida Alumni Association, Inc., and University of Florida Investment Corporation) 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 eliminated from revenues and expenses for reporting purposes.

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 on capital assets. Nonoperating revenues include Noncapital State Appropriations, Federal and State student financial aid, investment income and Capital State Appropriations for 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 scholarships, discounts, and allowances. Tuition scholarships, discounts, and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a 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 scholarships, discounts, and 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 to be 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.

H. CASH AND CASH EQUIVALENTS

The amount reported by the University as cash and cash equivalents consists 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 assets or other restricted assets, are classified as restricted.

I. CAPITAL ASSETS

University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, property under capital lease and leasehold improvements, works of art and historical treasures, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value on 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 \$4 million for intangible assets, which includes computer software, \$5,000 for tangible personal property, and \$250 for library resources. The costs of all new buildings and projects adding new square footage are capitalized. Infrastructure and leasehold improvements have a \$250,000 capitalization threshold. For building renovations, the threshold is \$250,000 or less if the amount expended is at least 25% of the cost basis of the building. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings 5 to 50 years, depending on construction
- Infrastructure and Other Improvements 10 to 50 years
- Furniture and Equipment − 3 to 20 years
- Library Resources 10 years
- Property Under Capital Lease and Leasehold Improvements – 10 to 50 years
- Computer Software 5 years

J. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of capital improvement debt payable, loans and notes payable, installment purchase agreements payable, capital leases payable. compensated absences payable, other postemployment benefits payable, net pension liabilities, and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premiums or discounts and losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

K. 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 plan and the Health Insurance Subsidy (HIS) defined benefit 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 CHANGES

The University participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Department of Management Services, Division of Retirement. As a participating employer, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, which requires employers participating in cost-sharing multipleemployer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The requirements of this Statement are being implemented prospectively, with the University reporting its proportionate share of the actuarially determined liabilities of \$224,627,083 at the July 1, 2014, date of transition. The impact of the implementation of this Statement is discussed in Notes 3 and 15.

In prior fiscal years, the University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company were included within the University reporting entity as blended component units. However, University management determined during the 2014-15 fiscal year that these entities should be reported as discretely presented component units.

3. ADJUSTMENTS TO BEGINNING NET **POSITION**

Table 1 summarizes the Adjustments to Beginning Net Position reported in the University's Statement of Revenues, Expenses, and Changes in Net Position.

Table 1. Adjustments to Beginning Net Position - University

Description		University
Implementation of GASB 68	\$	(294,271,932)
University of Florida Self-Insurance Program - Change from blended to discrete presentation		(95,110,566)
University of Florida Healthcare Education Insurance Company - Change from blended to		
discrete presentation	_	(41,366,615)
Total Adjustments to Beginning Net Position	\$	(430,749,113)

Table 2 summarizes the Adjustments to Beginning Net Position reported in the Component Units' Statement of Revenues, Expenses, and Changes in Net Position.

Table 2. Adjustments to Beginning Net Position -**Component Units**

Description	S	hands Hospital and Others
Shands Teaching Hospitals and Clinics, Inc Implementation of GASB 68	\$	(140,937,000)
University of Florida Self-Insurance Program - Change from blended to discrete presentation (1)		96,912,561
University of Florida Healthcare Education Insurance Company - Change from blended to discrete presentation		41,366,615
Total Adjustments to Beginning Net Position	\$	(2,657,824)

(1) The Adjustment to Beginning Net Position reported in Table 2 is not equal to the amount in Table 1 due to timing differences. The difference was previously eliminated when the Program was blended with the University.

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; 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. Investments of the University and its component units at June 30, 2015, are reported at fair value and shown in Tables 3 and 4.

Table 3. University Investments		
Types of Investments	_	Fair Value
External Investments Pool: State Treasury Special Purpose Investment Account	\$	776,023,517
State Board of Administration Debt Service Accounts		1,991,717
Stocks Investment Agreements		516 704,304,686
Total University Investments	\$	1,482,320,436

Table 4. Component Unit Investments	
Types of Investments	Fair Value
External Investments Pools: State Treasury Special Purpose Investment Accounts State Board of Administration Florida PRIMF	\$ 411,559,914
Investment Pool United States Government	6,143
and Federally-Guaranteed Obligations	3,310,538
Bonds and Notes Investment Agreements	17,941,871 2,061,316,517
Real Estate Agreements	7,544,249
Stocks Money Market Funds	889,435 12,076,837
Equity Mutual Funds	126,853,910
Bond Mutual Funds	182,446,093
Commercial Paper	7,831,000
Total Component Unit Investments	\$ 2,831,776,507

A. EXTERNAL INVESTMENT POOLS

The University and its discretely presented component units (see Note 1) reported investments at fair value totaling \$776,023,517 and \$411,559,914, respectively, 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 and Poor's and 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 the financial statements of the State's Comprehensive Annual Financial Report.

B. STATE BOARD OF ADMINISTRATION DEBT SERVICE ACCOUNTS

The University reported investments at fair value totaling \$1,991,717 at June 30, 2015, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

C. OTHER INVESTMENTS

In addition to external investment pools, the University and its discretely presented component units invested in various debt and equity securities, money market funds, and mutual funds. For the University, the majority of the other investments are managed by the University of Florida Investment Corporation (UFICO). University management determined, during the 2014-15 fiscal year, that a portion of those investments managed by UFICO should be reported as Other Noncurrent Investments on the Statement of Net Position. For the University's discretely presented component units, other investments are those reported primarily by the University of Florida Foundation, Inc., The University Athletic Association, Inc., University of Florida Research Foundation, Inc., Florida Clinical Practice Association, Inc., Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville HealthCare, Inc., and the University of Florida Self-Insurance Program. The following risks apply to the University's and its discretely presented component units' investments other than external investment pools:

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(16), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. Investments of the University's component units (excluding those reporting under FASB standards) in debt securities, bonds and notes, and bond mutual funds, and their future maturities at June 30, 2015, are shown in Table 5.

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 and do not require disclosure of credit quality. The investment agreements are unrated. At June 30, 2015, the University's component units (excluding those reporting under FASB standards) had bonds and notes and bond mutual funds, with quality ratings by nationally recognized rating agencies (e.g., Moody's Investors Service), as shown in Table 6.

Table 5. Component Units Debt	Invest	ment Maturitie	s						
					Investment Ma	nturities	(in Years)		
Types of Investments		Fair Value		Less than 1	1-5		6-10	M	ore than 10
United States Government and									
Federally-Guaranteed Obligations	\$	2,540,311	\$	-	\$ 2,540,311	\$	-	\$	-
Bonds and Notes		17,765,095		8,523,967	8,245,970		995,158		-
Bond Mutual Funds		170,344,581		17,666,352	 116,837,229		35,841,000		<u>-</u>
Total Component Units	\$	190,649,987	\$	26,190,319	\$ 127,623,510	\$	36,836,158	\$	

Table 6. Component Units Debt	nvestments C	uality Rating	js				
Types of Investments	Fai	r Value	AAA/Aaa	 AA/Aa	 A/Ba	L	ess than A/Ba or Not Rated
Bonds and Notes Bond Mutual Funds		\$5,095 \$ 44,581	3,780,962 13,631,571	\$ 4,993,351 61,243,988	\$ 8,990,782 35,495,077	\$	59,973,945
Total Component Units	\$ 188,1	9,676 \$	17,412,533	\$ 66,237,339	\$ 44,485,859	\$	59,973,945

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University 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 University and are not registered in the University's name. The University has no formal policy on custodial credit risk. The component units manage their custodial credit risk based on various investment policies, which may be obtained separately from the component units.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investments in a single issuer. The University has no formal policy on concentration of credit risk. The component units manage their concentration of credit risk based on various investment policies, which may be obtained separately from the component units.

5. RECEIVABLES

A. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for grant and contract reimbursements due from third parties, various sales and services provided to students and third parties, student tuition and fees, and interest accrued on investments and loans receivable. Accounts receivable, net of an allowance for uncollectible accounts, reported as of June 30, 2015, are summarized in Table 7.

Table 7. Accounts Receivable	
Description	Amount
Grants and Contracts	\$ 66,838,802
Sales and Services of Auxiliary Enterprises	4,267,841
Student Tuition and Fees	5,721,379
Sales and Services of Educational Departments	2,171,083
Interest	1,001,631
Total Accounts Receivable, Net	\$ 80,000,736

B. 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.

C. ALLOWANCES FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts, and loans and notes receivable, are reported based upon management's best estimate as of fiscal year-end, considering type, age, collection history, and other factors considered appropriate. Accounts receivable for student tuition and fees, various sales and services provided to students and third parties, and interest are reported net of an allowance of \$6,570,694, which is 33.3% of total related accounts receivable. Loans and notes receivable are reported net of an allowance of \$3,967,430 which is 8.8% of total related loans and notes receivable. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

6. DUE FROM STATE

This amount consists of \$65,305,309 of Public Education Capital Outlay due from the State to the University for construction of University facilities.

7. DUE FROM AND TO COMPONENT **UNITS/UNIVERSITY**

The University's financial statements are reported for the fiscal year ended June 30, 2015. The University's discretely presented component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units are not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component unit columns. Accordingly, amounts reported by the University as due from and to component units on the Statement of Net Position may not agree with amounts reported by the component units as due from and to the University.

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 Inventories - Those inventories maintained which 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 presented in Table 8.

Table 8. Capital Assets				
	Beginning			Ending
Description	Balance	Additions	Reductions	Balance
Nondepreciable Capital Assets:				
Land	\$ 11,278,599	\$ 605,000	\$ -	\$ 11,883,599
Construction in Progress	130,441,333	154,947,647	60,218,319	225,170,661
Works of Art and Historical Treasures	4,140,344	64,570		4,204,914
Total Nondepreciable Capital Assets	145,860,276	155,617,217	60,218,319	241,259,174
Depreciable Capital Assets:				
Buildings	2,292,087,101	62,552,924	1,172,280	2,353,467,745
Infrastructure and Other Improvements	112,919,046	8,297,781	20,067	121,196,760
Furniture and Equipment	550,699,507	41,265,557	22,500,068	569,464,996
Library Resources	321,757,530	9,692,326	3,485,120	327,964,736
Property Under Capital Lease and Leasehold Improvements	12,140,638	2,506,706	-	14,647,344
Works of Art and Historical Treasures	432,895			432,895
Computer Software	24,533,000	-	-	24,533,000
Other Capital Assets	55,110	11,500		66,610
Total Depreciable Capital Assets	3,314,624,827	124,326,794	27,177,535	3,411,774,086
Less Accumulated Depreciation:				
Buildings	1,015,118,364	78,155,377	935,333	1,092,338,408
Infrastructure and Other Improvements	65,883,159	4,218,833	6,840	70,095,152
Furniture and Equipment	367,794,291	39,784,521	18,953,749	388,625,063
Library Resources	267,851,211	11,749,637	3,485,120	276,115,728
Property Under Capital Lease and Leasehold Improvements	4,248,700	585,596	-	4,834,296
Works of Art and Historical Treasures	280,327	23,183		303,510
Computer Software	24,533,000		-	24,533,000
Other Capital Assets	11,078	12,372		23,450
Total Accumulated Depreciation	1,745,720,130	134,529,519	23,381,042	1,856,868,607
Total Depreciable Capital Assets, Net	1,568,904,697	(10,202,725)	3,796,493	1,554,905,479
Total Capital Assets, Net	\$ 1,714,764,973	\$ 145,414,492	\$ 64,014,812	\$ 1,796,164,653

10. MUSEUM AND ART COLLECTIONS

The Florida Museum of Natural History, which is part of the University, maintains a depository of biological, geological, archaeological, and ethnographic materials. The Museum's collections contain approximately 40 million specimens, more than half of which are catalogued, either individually or in lots. While many of the collections are undoubtedly quite valuable and irreplaceable, the University has not placed a dollar value on these items and, accordingly, the financial statements do not include these assets.

The Samuel P. Harn Museum of Art, which is also part of the University, maintains a collection of over 10,000 works of art. Donations of artwork to the Museum are recorded by the University of Florida Foundation, Inc. (Foundation), and are included with reported "Permanent Collections" as further explained in Note 9 of the Foundation's audited financial statements for the fiscal year ended June 30, 2015. Purchases of artwork by the Museum are included with the University's reported Nondepreciable Capital Assets as presented in Table 8.

11. DEFERRED OUTFLOW / INFLOW OF RESOURCES

Certain changes in the University's proportionate share of the net pension liabilities of the cost-sharing multiple-employer Florida Retirement System and Health Insurance Subsidy defined benefit plans are reported as deferred outflows and inflows of pension resources. These include changes in actuarial assumptions and other inputs used to measure the pension liabilities, differences between actual and expected experience in the measurement of the liabilities, the net difference between projected and actual earnings on pension plan investments, as well as changes in the University's proportion of the collective net pension liabilities since the prior measurement date and changes between the University's contributions and its proportionate share of contributions. In addition, University contributions to the pension plan subsequent to the measurement date for the collective net pension liabilities are reported as deferred outflows. Total deferred outflows of pension resources were \$108,808,572 and deferred inflows of pension resources were \$160,302,144 for the year ended June 30, 2015. Note 15 includes a complete discussion of defined benefit pension plans.

12. UNEARNED REVENUE

Unearned Revenue includes amounts received prior to the end of the fiscal year but related to subsequent accounting periods. Unearned Revenue, as of June 30, 2015, is summarized in Table 9.

Table 9. Unearned Revenue	
Description	 Amount
Grants and Contracts Sales and Services of Auxiliary Enterprises Student Tuition and Fees	\$ 31,131,718 6,258,875 5,925,610
Total Unearned Revenue	\$ 43,316,203

13. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2015, include capital improvement debt payable, loans and notes payable, installment purchase agreements payable, capital leases payable, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liability activity for the fiscal year ended June 30, 2015, is presented in Table 10.

A. CAPITAL IMPROVEMENT DEBT PAYABLE

Capital improvement debt is issued to construct student housing facilities, parking garages, and various other University facilities. The outstanding debt for student housing and parking garages is secured by a pledge of a portion of housing rental revenues and parking fees. The outstanding debt for the Clinical Translational Research Building is secured by a pledge of a portion of indirect costs revenues received by the College of Medicine. Pledged revenues are equal to the remaining debt service requirements to maturity for the capital improvement debt. During the 2014-15 fiscal year, \$5,545,000 of the \$21,755,000 in current outstanding University of Florida Housing Revenue Refunding Bonds Series 2005A was economically defeased by the University of Florida Dormitory Revenue Bonds Series 2013A.

A summary of the University's capital improvement debt payable at June 30, 2015, appears in Table 11.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2015, appear in Table 12.

Table 10. Long-Term Liabilities					
	Beginning			Ending	Current
Description	Balance	Additions	Reductions	<u>Balance</u>	Portion
Capital Asset-Related Debt:					
Capital Improvement Debt Payable	\$ 181,578,712	\$ -	\$ 14,355,528	\$ 167,223,184	\$ 8,909,000
Loans and Notes Payable	11,472,538	-	280,476	11,192,062	527,465
Installment Purchase Agreements Payable	3,359,886	1,200,057	1,500,930	3,059,013	1,138,143
Capital Leases Payable	2,946,983		137,087	2,809,896	145,928
Total Capital Asset-Related Debt	199,358,119	1,200,057	16,274,021	184,284,155	10,720,536
Other Long-Term Liabilities:					
Compensated Absences Payable	125,950,609	14,991,601	11,662,464	129,279,746	11,860,885
Other Postemployment Benefits Payable	180,690,000	43,657,000	6,808,000	217,539,000	-
Net Pension Liability (1)	332,370,934	90,657,296	198,401,147	224,627,083	4,708,642
Liability for Self-Insured Claims (2)	45,801,534	-	45,801,534	-	-
Other Noncurrent Liabilities	18,481,891	<u> </u>	268,231	18,213,660	
Total Long-Term Liabilities	\$ 902,653,087	\$ 150,505,954	\$ 279,215,397	\$ 773,943,644	\$ 27,290,063

 ⁽¹⁾ Net pension liability included due to the implementation of GASB Statement No. 68 during the 2014-15 fiscal year.
 (2) The liability for self-insured claims was removed due to the change in reporting entity discussed in Note 2.

Table 11. Capital Improvement Debt Paya	ble				
Type and Series	Amount of Original Issue	Amount O Principal	outstanding Interest	Interest Rates	Maturity Date
Type and Series	Issue	РІПСІРАІ	IIIterest	Rates	Date
Student Housing Auxiliary Debt:					
2005A Housing	\$ 37,610,000	\$ 21,755,000	\$ 9,582,863	4.000 to 5.125%	2030
2011A Housing	16,350,000	11,530,000	2,572,869	3.000 to 4.000%	2028
2012A Housing	26,500,000	23,530,000	7,434,106	3.000 to 4.000%	2031
2013A Housing	24,805,000	23,760,000	9,096,744	3.000 to 5.000%	2033
Total Student Housing Debt	105,265,000	80,575,000	28,686,582		
Parking Garage Auxiliary Debt:					
1998 Parking Garage	10,000,000	2,845,000	278,469	4.750%	2019
2007A Parking Garage	20,770,000	15,230,000	4,524,903	3.625 to 4.375%	2028
2007/11 alking Gurage	20,110,000	10,230,000	4,324,700	3.023 to 4.37370	2020
Total Parking Garage Debt	30,770,000	18,075,000	4,803,372		
Other University of Florida Revenue Bonds:					
2011 Clinical Translational Research Building	29,838,000	25,440,000	9,656,049	4.433%	2030
2013 Student Activity	41,540,000	39,155,000	19,041,175	4.000 to 5.000%	2033
Total Other University of Florida Revenue Bonds	71,378,000	64,595,000	28,697,224		
Plus: Unamortized Premiums	-	5,418,274	-		
Less: Unamortized Discounts	-	(272,398)	-		
Less: Unamortized Refunding Losses		(1,167,692)	-		
Total Capital Improvement Debt	\$ 207,413,000	\$ 167,223,184	\$ 62,187,178		

Table 12. Capital Improvement Debt Payable - Principal & Interest						
Fiscal Year Ending June 30		Principal		Interest		Total
2016	\$	8,909,000	\$	7,013,041	\$	15,922,041
2017		9,283,000		6,632,933		15,915,933
2018		9,707,000		6,224,331		15,931,331
2019		10,132,000		5,781,788		15,913,788
2020		8,872,000		5,353,514		14,225,514
2021-2025		48,953,000		20,421,015		69,374,015
2026-2030		52,514,000		9,542,818		62,056,818
2031-2033		14,875,000		1,217,738		16,092,738
Total Principal & Interest		163,245,000		62,187,178		225,432,178
Plus: Unamortized Premiums		5,418,274		-		5,418,274
Less: Unamortized Discounts		(272,398)		-		(272,398)
Less: Unamortized Refunding Losses		(1,167,692)		<u>-</u>		(1,167,692)
Total	\$	167,223,184	\$	62,187,178	\$	229,410,362

B. LOANS AND NOTES PAYABLE

On August 30, 2013, the University borrowed \$6,472,538 at an interest rate of 2.33%, to finance the cost of heating, ventilation, and air conditioning (HVAC) update and renovation of J. Wayne Reitz Student Union. The principal and interest cost is expected to be met by cost savings of the newer system. The note matures on August 31, 2029, and principal and interest payments are made annually. On June 17, 2013, the University borrowed \$5,000,000 at an interest rate of 3.58% for a similar renovation at Willard M. Fifield Hall. The note matures on November 1, 2033, and principal and interest payments are made annually. Annual requirements to amortize the two outstanding notes as of June 30, 2015, appear in Table 13.

Table 13. Loans and Notes - Principal & Interest							
Fiscal Year Ending June 30	Prin	cipal	Interest		Total		
2016	\$ 527	,465	317,576	\$	845,041		
2017	551	,318	303,364		854,682		
2018	572	,130	288,408		860,538		
2019	597	,825	272,820		870,645		
2020	569	,277	256,427		825,704		
2021-2025	3,232	,168 1,	037,825		4,269,993		
2026-2030	3,540	,858	555,804		4,096,662		
2031-2034	1,601	,021	148,082		1,749,103		
Total	\$ 11,192	,062 \$ 3,	180,306	\$	14,372,368		

C. INSTALLMENT PURCHASE AGREEMENTS PAYABLE

The University has entered into several installment purchase agreements for the purchase of equipment with original cost basis of \$5,665,083. The stated interest rates ranged from 0.00% to 13.02%. Future minimum payments remaining under installment purchase agreements as of June 30, 2015, appear in Table 14.

Table 14.	Installment Purchase Agreements Payable -
Principal	& Interest

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 1,138,143	\$ 79,705	\$ 1,217,848
2017	951,671	43,597	995,268
2018	587,043	19,333	606,376
2019	341,979	6,748	348,727
2020	40,177	322	40,499
Total Minimum Payments	\$ 3,059,013	\$ 149,705	\$ 3,208,718

D. CAPITAL LEASES PAYABLE

On June 8, 1994, the former Board of Regents, on behalf of the University of Florida, entered into a lease agreement with the University of Florida Foundation, Inc. (the Foundation), a direct-support organization (component unit) of the University. Under the terms of the agreement, the University agreed to lease from the Foundation a 607-space parking garage (the garage) located near the Health Science Center Administrative Offices for a period of thirty years beginning July 1, 1994. Lease payments of \$100,000 annually are due each July 1. The garage was simultaneously acquired by the Foundation from Shands Teaching Hospital and Clinics, Inc. (Shands), also a component unit, and financed by the Foundation through the issuance of a promissory note secured by a non-recourse mortgage containing payment terms similar to those in the lease agreement between the Foundation and the University. Lease payments from the University to the Foundation and from the Foundation to Shands were based on an original construction cost of \$3,000,000 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at \$1,382,470. The asset, which is

included in the Property Under Capital Lease and Leasehold Improvements, was recorded at cost to Shands of \$3,000,000.

On March 1, 2000, the University, acting for and on behalf of the former Board of Regents, entered into a lease agreement with Shands. Under the terms of the agreement, the University agreed to lease from Shands an 800-space parking garage located near the Health Science Center Administrative Offices for a period of thirty years beginning March 1, 2000. Annual lease payments of \$227,167 are due each May 1, beginning May 1, 2001. Lease payment amounts were based on an original construction cost of \$6,815,002 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at \$2,981,939. The asset, which is included in the Property Under Capital Lease and Leasehold Improvements, was recorded at cost to Shands of \$6,815,002. A summary of pertinent information related to the two capital leases appears in Table 15.

Table 15. Capital Leases Payable							
Capital Leases	Interest	Original	Outstanding				
	Rate	Balance	Balance				
Shands Garage (607 spaces)	6.45%	\$ 1,382,470	\$ 667,045				
Shands Garage (800 spaces)	6.45%	2,981,939	2,142,851				
Total		\$ 4,364,409	\$ 2,809,896				

Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2015, are presented in Table 16.

Table 16. Capital Leases Payable - Principal & Interest								
Fiscal Year Ending June 30 Principal Interest Total								
2016	\$ 145,928	\$ 181,238	\$ 327,166					
2017	155,341	171,826	327,167					
2018	165,360	161,806	327,166					
2019	176,026	151,141	327,167					
2020	187,380	139,787	327,167					
2021-2025	1,034,553	501,280	1,535,833					
2026-2030	945,308	190,527	1,135,835					
Total	\$ 2,809,896	\$ 1,497,605	\$ 4,307,501					

E. 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 in accordance with its policy regarding leave payment upon separation from employment. However, Noncapital State 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 \$129,279,746. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

F. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The University follows Governmental Accounting Standards Board (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 report of a public employee retirement system or another entity.

Funding Policy – Plan benefits are pursuant to 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, 2,412 retirees received postemployment healthcare benefits. The University provided required contributions of \$6,808,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$16,397,000, which represents 1.4% 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 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. Table 17 shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and the changes in the University's net OPEB obligation.

Table 17. Annual OPEB Cost and Net OPEB C	Oblig	ation
Description		Amount
Normal Cost (service cost for one year)	\$	21,128,000
Amortization of Unfunded Actuarial Accrued Liability		19,923,000
Interest on Normal Cost and Amortization		1,642,000
Annual Required Contribution Interest on Net OPEB Obligation		42,693,000 7,228,000
Adjustment to Annual Required Contribution		(6,264,000)
Annual OPEB Cost (Expense) Contribution Toward the OPEB Cost		43,657,000 (6,808,000)
Increase in Net OPER Obligation		36.849.000

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 two preceding fiscal years, are presented in Table 18.

180,690,000

217,539,000

Net OPEB Obligation, Beginning of Year

Net OPEB Obligation, End of Year

Table 18. Annual OPEB Cost, Percentage Contributed, and **Net Obligation**

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	\$ 47,382,000	21.2%	\$ 139,775,000
2013-14	48,595,000	15.8%	180,690,000
2014-15	43,657,000	15.6%	217,539,000

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$663,395,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$663,395,000 and a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was \$1,140,761,801 for the 2014-15 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 58.2%.

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 the 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 estimated 2014-15 fiscal year annual required contribution. 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% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4% per year and an inflation rate of 3%. Healthcare trend rates were 7.2%, 7.9%, and 7.6% for the first three years respectively for all retirees in the PPO (Preferred Provider Organization) Plan and were 7.0%, 7.6%, and 7.8% for the first three years 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 5.0% 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.

14. INTERDEPARTMENTAL AUXILIARY **SALES**

Interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from expenses and revenues for reporting purposes. The interdepartmental transactions eliminated in the financial statement preparation totaled \$113,472,559 for the fiscal year ended June 30, 2015.

15. RETIREMENT PLANS

A. DEFINED BENEFIT PENSION PLANS

The University follows GASB No. 68, Accounting and Financial Reporting for Pensions, for reporting the employer's proportionate share of the net pension liabilities for the FRS and HIS defined benefit plans.

General information about the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes. The FRS was created 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 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 (ww.dms.myflorida.com).

The University's pension expense totaled \$26,107,645 for the 2014-15 fiscal year for both the FRS Pension Plan and HIS Program.

1. Florida Retirement System Defined Benefit Pension Plan

Plan Description - The FRS Pension Plan (Plan) is a costsharing 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.
- Senior Management Service Class (SMSC) Members in senior management level positions.
- 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 six years of creditable service and employees enrolled in the Plan

on or after July 1, 2011, vest at eight 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 service credit. 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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. Table 19 shows the percentage value for each year of service credit earned.

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 costof-living adjustment is 3% 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 The annual cost-of-living adjustment is a adjustment. proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Table 19. 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 Retirement at age 66 or with 34 years of service Retirement at age 67 or with 35 years of service Retirement at age 68 or with 36 or more years of service	1.60% 1.63% 1.65% 1.68%
Special Risk Regular Service from December 1, 1970, through September 30, 1974 Service on and after October 1, 1974	2.00% 3.00%
Senior Management Service Class	2.00%

Contributions - The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2014-15 fiscal year are shown in Table 20.

The University's contributions to the Plan totaled \$38,680,557 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to **Pensions** – At June 30, 2015, the University reported a liability of \$92,657,576 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 1.52%, which was an increase of 0.29% from its proportionate share of 1.23% measured as of July 1, 2013.

Table 20. Florida Retirement System Rates				
Class	Percent of Employee	Gross Salary Employer (A)		
Florida Retirement System, Regular Florida Retirement System,	3.00%	7.37%		
Senior Management Service	3.00%	21.14%		
Florida Retirement System, Special Risk	3.00%	19.82%		
Deferred Retirement Option Program-Applicable				
to Members from All of the Above Classes	0.00%	12.28%		
Florida Retirement System,				
Reemployed Retiree	(B)	(B)		
(A) Employer rates for each membership class include 1.26% for Health Insurance Subsidy. Also, employer rates, other than for DROP participants, include 0.04% for administrative costs of the Investment Plan.				
(B) Contribution Rates are dependent upon reemployed.	n retirement cl	ass in which		

For the year ended June 30, 2015, the University recognized pension expense of \$16,552,292. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as presented in Table 21.

The deferred outflows of resources related to pensions totaling \$38,680,557, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending 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 shown in Table 22.

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, as presented in Table 23.

Table 21. Deferred Outflows and Inflows Related to Pensions - FRS						
Description		Deferred Outflows of Resources		Deferred Inflows of Resources	Recognition Period	
Differences Between Expected and Actual Experience	\$	-	\$	5,733,928	6.3 years	
Change of Assumptions		16,046,750			6.3 years	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		-		154,568,216	5.0 years	
Changes in Proportion and Difference Between University Contributions and Proportionate Share of Contributions		41,317,585			6.3 years	
University FRS Contributions Subsequent to the Measurement Date		38,680,557		<u> </u>	1.0 year	
Total	\$	96,044,892	\$	160,302,144		

Table 22. Recognition of Deferred Outflows and Inflows Related to Pensions - FRS

Fiscal Year Ending June 30	Amount
2016	\$ (28,900,468)
2017	(28,900,468)
2018	(28,900,468)
2019	(28,900,468)
2020	9,741,586
Thereafter	2,922,477
Total	\$ (102,937,809)

Table 23. Actuarial Assumptions - FRS

Inflation 2.60%

Salary Increases 3.25%, average, including inflation

Investment rate of return 7.65%, net of pension plan investment expense,

including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actual 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 long-term expected rates of arithmetic return for each major asset class are summarized in Table 24.

Table 24. Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	3.11%
Intermediate-Term Bonds	18.00%	4.18%
High Yield Bonds	3.00%	6.79%
Broad US Equities	26.50%	8.51%
Developed Foreign Equities	21.20%	8.66%
Emerging Market Equities	5.30%	11.58%
Private Equity	6.00%	11.80%
Hedge Funds / Absolute Return	7.00%	5.81%
Real Estate (Property)	12.00%	7.11%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. 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 – Table 25 presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.65%, 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%) or 1-percentage-point higher (8.65%) than the current rate.

Table 25. Sensitivity to Changes in Discount Rate - FRS				
	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%	
University's Proportionate Share of the Net Pension Liability	\$ 396,308,759	\$ 92,657,576	\$ (159,922,269)	

Pension Plan Fiduciary Net Position – Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

2. Health Insurance Subsidy Defined Benefit 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 equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$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% of payroll pursuant to Section 112.363, Florida Statues. The University contributed 100% of its statutorily required

contributions for the current and preceding three 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 \$5,578,364 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions – At June 30, 2015, the University reported a liability of \$131,969,507 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within one year, net of the University's proportionate share of the pension plan's fiduciary net position available to pay that amount. 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 1.41%, which was an increase of 0.03% from its proportionate share of 1.38% measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the University recognized pension expense of \$9,555,353. In addition, the University reported deferred outflows of resources related to pensions as presented in Table 26.

Table 26. Deferred Outflows Related to Pensions - HIS			
Description	Deferred Outflows of Resources	Recognition Period	
Change of Assumptions	\$ 4,695,999	7.2 years	
Net Difference Between Projected and			
Actual Earnings on Pension Plan Investments	63.349	5.0 years	
Changes in Proportion and Difference	00/017	0.0 you.0	
Between University Contributions and			
Proportionate Share of Contributions	2,425,968	7.2 years	
University HIS Contributions Subsequent to the Measurement Date	5,578,364	1.0 year	
Total	\$ 12,763,680		

The deferred outflows of resources totaling \$5,578,364 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 ending June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as showed in Table 27.

Table 27. Recognition of Deferred Outflows Related to Pensions - HIS

Fiscal Year Ending June 30	 Amount
2016	\$ 1,164,542
2017	1,164,542
2018	1,164,542
2019	1,164,542
2020	1,148,704
Thereafter	1,378,444
Total	\$ 7,185,316

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, as presented in Table 28.

Table 28. Actuarial Assumptions - HIS

Inflation 2 60%

Salary Increases 3.25%, average, including inflation

Municipal Bond Rate

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 plan.

Discount Rate - The discount rate used to measure the total pension liability was 4.29%. 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-yougo 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 -Table 29 presents the University's proportionate share of the net pension liability calculated using the discount rate of 4.29%, 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%) or 1-percentagepoint higher (5.29%) than the current rate.

Table 29. Sensitivity to Changes in Discount Rate - HIS				
	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%	
University's Proportionate Share of the Net Pension Liability	\$ 150,104,628	\$ 131,969,507	\$ 116,831,871	

Pension Plan Fiduciary Net Position – Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

B. DEFINED CONTRIBUTION PENSION PLANS

1. 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 this program. 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, Senior Management Service 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 plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the Investment Plan member accounts during the 2014-15 fiscal year are presented in Table 30.

Table 30. Florida Retirement System - Investment Plan Rates				
Class	Percent of Gross Compensation			
Florida Retirement System, Regular Florida Retirement System, Senior Management Service	6.30% 7.67%			
Florida Retirement System, Special Risk	14.00%			

For all membership classes, employees are immediately vested in their own contributions and are vested after one 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 five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over his account. If the employee does not return within the five 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 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 lumpsum distribution, leave the funds invested for future distribution, or select 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.

There were 1,936 University participants during the 2014-15 fiscal year. The University's Investment Plan pension expense totaled \$6,623,159 for the fiscal year ended June 30, 2015.

2. 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 eight 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% of the participant's salary to the participant's account, 2.54% to cover the unfunded actuarial liability of the FRS pension plan, and 0.01% to cover administrative costs. Employees contribute 3% of their 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.

There were 5,962 University participants during the 2014-15 fiscal year. The University's contributions to the Program totaled \$35,136,871 and employee contributions totaled \$24,828,214 for the 2014-15 fiscal year.

C. OTHER RETIREMENT PROGRAMS

1. U.S. Civil Service Retirement System

Some University employees participate in the U.S. Civil Service Retirement System. Twenty-three employees were covered by the U.S. Civil Service Retirement System during the 2014-15 fiscal year. Employer contributions totaled \$150,206, and employee contributions totaled \$150,210. The University's participation in the Federal retirement system is not considered material by University management.

2. Institute of Food and Agricultural Sciences Supplemental Retirement

In 1984, the Florida Legislature enacted the Institute of Food and Agricultural Sciences Supplemental Retirement Act to provide a supplement to the monthly retirement benefit being paid under the Federal Civil Service Retirement System to retirees of the Institute of Food and Agricultural Sciences (IFAS) at the University of Florida. The supplement is designated for IFAS cooperative extension employees employed before July 1, 1983, who are not entitled to benefits from either a State-supported retirement system or social security based on their service with IFAS. It was intended to compensate these IFAS employees for the difference between their Civil Service benefit and the benefits an FRS member receives, which include a social security benefit. No additional persons can become eligible for this supplement.

There were 20 University participants during the 2014-15 fiscal year. Required employer contributions made to the program totaled \$372,910. Employees do not contribute to this program.

16. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2015, are presented in Table 31.

17. RISK MANAGEMENT PROGRAMS

A. STATE SELF-INSURANCE PROGRAMS

The University is exposed to various risks of loss related to torts; 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 of losses 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. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State's 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.

B. UNIVERSITY SELF-INSURANCE PROGRAMS

The University of Florida Self-Insurance Program (Program) and the University of Florida Healthcare Education Insurance Company (HEIC), which are included in the University's reporting entity as discretely presented component units (see Notes 1, 2, and 3), provide general and professional liability protection for the University of Florida Board of Trustees (UFBOT) on behalf of the six health colleges of the JHMHC, the College of Veterinary Medicine teaching hospitals, the Student Health Care Center, its direct-support organization, and their employees and agents. Hospital professional liability protection, including general liability, is provided to Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc. (a subsidiary of Shands Jacksonville HealthCare, Inc. - Shands Jacksonville), other entities statutorily authorized to participate in the Program, and their employees and agents.

Table 31. Construction Project Commitments			
Project Title	Total Commitment	Completed to Date	Balance Committed
Reitz Union Expansion and Renovation	\$ 77,223,053	\$ 50,713,052	\$ 26,510,001
Chemistry/Chemical Biology Building	66,608,204	15,983,277	50,624,927
Stephen O'Connell Center Renovation and Addition	58,430,000	4,653,589	53,776,411
NEXUS Engineering Addition	50,000,000	385,378	49,614,622
Harrell Medical Education Building	46,629,581	33,392,497	13,237,084
ENT/Ophthalmology Clinics Facility	38,625,000	11,080	38,613,920
Joint Use Library Storage Facility	26,666,000	1,516,636	25,149,364
Cypress Hall - Single Student Housing	21,900,000	16,608,188	5,291,812
PK Yonge Middle and High School Expansion	18,830,800	534,386	18,296,414
Newell Hall Renovation	16,635,000	348,764	16,286,236
Rabon Steam Boiler Design / Installation	7,000,000	42,750	6,957,250
Broward Hall - Bathrooms, Lounges, Apartment Renovation	6,500,000	6,487,668	12,332
Veterinary Medicine Clinical Simulation Lab Addition	6,089,140	3,798,378	2,290,762
Entomology and Nematology - Energy Efficiencies for HVAC, Roof and Automation Controls	6,082,711	5,805,402	277,309
Basic Sciences Building - Ground Floor Renovation	5,237,000	122	5,236,878
Chilled Water Plant Boiler Replacement	4,381,326	3,933,192	448,134
MIRADAS Telescopes	4,152,648	732,426	3,420,222
Marston Science Library Renovation	4,118,001	3,721,061	396,940
Corry Village Building 277 Renovation	3,807,093	2,160,242	1,646,851
Nanoscale Research Facility - Clean Room Renovation	2,542,879	13,910	2,528,969
Buckman Hall - Air Conditioning Design and Installation	2,515,800	2,068,824	446,976
Thomas Hall - Air Conditioning Replacement	2,500,000	1,615,170	884,830
Corry Village Building 284 Renovation	2,400,000	2,003,465	396,535
Corry Village Building 278 Renovation	2,400,000	2,390,047	9,953
Corry Village Building 282 Renovation	2,268,300	2,146,035	122,265
Corry Village Building 283 Renovation	2,200,000	2,188,293	11,707
Health Science Center Addition of Modular Buildings	2,097,133	16,932	2,080,201
Dental Science Building - Air Handling Units Replacement, Fire Sprinkler Installation, and Reroof	2,082,435	1,828,251	254,184
Yon Hall - Air Handling Units Replacement	2,077,451	1,648,989	428,462
Broward Hall - Electrical Upgrades	2,000,000	8,717	1,991,283
Broward Hall - Fire Sprinkler and Alarm Systems	2,000,000	376,456	1,623,544
Subtotal	495,999,555	167,133,177	328,866,378
Projects Under \$2,000,000	100,500,996	58,037,484	42,463,512
Total	\$ 596,500,551	\$ 225,170,661	\$ 371,329,890

The UFBOT and other immune entities are protected for losses which are subject to Section 768.28, Florida Statutes, including legislative claims bills, that in combination with the waiver of immunity limits described in Section 768.28, Florida Statutes, do not exceed \$1 million per claim and, for voluntary settlements, \$2 million per claim. For those protected entities not subject to Section 768.28, Florida Statutes, the Program provides \$2 million per claim. The per claim limit of liability protection for the participants does not exceed \$2 million per claim in the event more than one protected entity is involved in the same claim or action.

HEIC provides coverage for claims that are in excess of the protections provided by the Program, at limits of \$4 million per legislative claims bill coverage for insured participants subject to Section 768.28, Florida Statutes, and \$3 million per claim for voluntary settlements and insured participants that are not subject to Section 768.28, Florida Statutes. HEIC provides additional limits of liability coverage of \$50 million per claim and in the aggregate, which is in excess of the coverages described above.

18. LITIGATION AND CONTINGENCIES

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

The University of Florida reached an agreement with the United States Department of Health and Human Services and with the United States Department of Justice (civil division) regarding the University's practices related to Federal awards finances and accounting. See Note 22 for more details.

19. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of operating expenses (instruction, research, etc.) is assigned to each individual transaction based on the nature of the activity. The operating expenses on the

Statement of Revenues, Expenses, and Changes in Net Position are presented by natural classifications. Table 32 presents those same expenses in functional classifications as recommended by NACUBO.

Table 32. Functional Expenses	
Functional Classifications	 Amount
Instruction	\$ 716,265,312
Research	606,122,948
Public Service	475,734,937
Academic Support	176,226,237
Institutional Support	164,402,362
Depreciation	134,529,519
Auxiliary Operations	118,559,716
Operation and Maintenance of Plant	104,580,297
Scholarships, Fellowships and Waivers, Net	61,531,590
Student Services	 36,337,047
Total Operating Expenses	\$ 2,594,289,965

20. COMPONENT UNITS

The University's financial statements include 16 discretely presented component units as discussed in Note 1. These component units comprise 100% of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. Summary financial information from the most recently available audited financial statements for these component units is presented on the following pages in Tables 33, 34, and 35.

21. 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 are required to be accounted for separately. Transportation and Parking Services provides the University with safe and adequate parking facilities. Several parking garages have been constructed from the proceeds of revenue-backed debt instruments. The Department of Housing and Residence Education provides safe and affordable living space for students of the University of Florida. Capital improvement debt has been issued over the years to provide funding for the construction of facilities to house students of the University. A summary of the financial activity for these segments is presented in Table 36.

22. SUBSEQUENT EVENTS

On November 20, 2015, the University reached a settlement with the Federal Government for \$19,875,000, which closes an investigation of the University by the Department of Health and Human Services and the Department of Justice related to deficiencies in the University's research accounting systems from 2005-2010. These deficiencies have since been remedied with significant upgrades in systems and procedures.

The University paid the settlement on November 25, 2015, from non-State funds.



Table 33. Direct-Support Organizations (amou	unts expressed in thousand	ds)		
	Unive of Flo Foundation	orida	The University Athletic Association, Inc.	University of Florida Research Foundation, Inc.
CONDENSED STATEMENT OF NET POSITION				
Assets				
Due from Component Units/University	\$ 44	,427 \$	15,461	\$ 113,500
Other Current Assets	101,	,964	67,965	7,055
Capital Assets, Net	88	,825	174,581	-
Other Noncurrent Assets	1,625	,353	58,862	 -
Total Assets	1,860	.569	316,869	 120,555
Liabilities				
Due to Component Units/University	39,	,603	-	20,580
Other Current Liabilities	24	,100	68,973	5,260
Noncurrent Liabilities	33	,261	82,776	 -
Fotal Liabilities	96	,964	151,749	 25,840
Net Position				
Net Investment in Capital Assets	32	,921	93,951	-
Restricted-Nonexpendable Endowment	1,228	,173	-	-
Restricted-Expendable Endowment	383		-	-
Restricted-Expendable Other		,218	23,844	-
Unrestricted	(24)	,654)	47,325	 94,715
Total Net Position	\$ 1,763	,605 \$	165,120	\$ 94,715
CONDENSED STATEMENT OF REVENUES, EXPENSES, AN	ND CHANGES IN NET POSITI	ION		
Operating Revenues	\$ 86	,343 \$	68,329	\$ 25,748
Operating Expenses	(324	,633)	(129,677)	 (34,649
Operating Income (Loss)	(238	,290)	(61,348)	(8,901
Nonoperating Revenues (Expenses) and Other Revenues,				
Expenses, Gains, or Losses	70	450	2.407	01
Investment Income, Net of Expenses Net Decrease in the Fair Value of Investments		,659 (665)	2,697 (569)	91 (463
Other Nonoperating Revenues		.003)	79,435	2,300
Other Nonoperating Revenues Other Nonoperating Expenses	(3	,915)	(7,906)	(1,691
Addition to Permanent Endowments		,742	-	 -
Change in Net Position	(139	,469)	12,309	 (8,664
Net Position, Beginning of Year	1,903	,074	152,811	103,379
Net Position, End of Year	\$ 1,763	,605 \$	165,120	\$ 94,715
		<u> </u>	.00,.20	 , , , , 10

	GatorCare Health Management Corporation	Gator Boosters, Inc.	University of Florida Development Corporation	Citrus Research and Development Foundation, Inc.	Total Direct- Support Organizations
\$	- 12,896 10	\$ 5,561 10,453 34	\$ - 2,298 10,832	\$ - 3,691 -	\$ 178,949 206,322 274,282
	23,766 36,672		13,130	3,691	1,708,433 2,367,986
	36,482 	15,233 136 126	- 265 -	- 1,847 -	75,416 137,063 116,163
	36,482	15,495	265	1,847	328,642 137,738
	- - - - 190	452 - - 519	- - - 2,033	- - - 1,844	137,738 1,228,625 383,947 167,062 121,972
\$	190	\$ 1,005	\$ 12,865	\$ 1,844	\$ 2,039,344
\$	426 (624) (198)	\$ 53,625 (2,672) 50,953	\$ 1,290 (3,027) (1,737)	\$ 10,703 (12,528) (1,825)	\$ 246,464 (507,810) (261,346)
	(190)	50,705	(1,737)	(1,020)	(201,340)
	- - -	1,288 - - (52,238)	- - 3,748	24 - 3,500	74,759 (1,697) 88,983 (65,750)
	(198)	(32,236) 7 10	2,011	1,699	(132,302)
4	388 190	995 \$ 1,005	10,854 \$ 12,865	145 \$ 1,844	2,171,646
\$	170	ψ 1,003	Ψ 12,000	\$ 1,844	Ψ Ζ,037,344

Table 34. Health Science Center Affilia	tes (amounts expi	ressed in thousand	ds)			
	Florida Clinical Practice Association, Inc.	University of Florida Jacksonville Physicians, Inc.	Florida Veterinary Medicine Faculty Association, Inc.	University of Florida Jacksonville Healthcare, Inc.	Faculty Associates, Inc.	Total Health Science Center Affiliates
CONDENSED STATEMENT OF NET POSITION						
Assets Due from Component Units/University Other Current Assets Capital Assets, Net Other Noncurrent Assets	\$ 30,057 82,224 45,779	\$ 6,127 57,138 17,283	\$ 7,899 2,039	\$ - 599 3,222	\$ 1,500 7,434	\$ 45,583 149,434 66,284
	15,184_	-	<u> </u>		<u> </u>	15,184_
Total Assets	173,244	80,548	9,938	3,821	8,934	276,485
Liabilities Due to Component Units/University Other Current Liabilities Noncurrent Liabilities	8,021 2,260 33,916	20,088 5,264	1,144 	1,049 2,403	- 138 	9,070 26,033 39,180
Total Liabilities	44,197	25,352	1,144	3,452	138_	74,283
Net Position Net Investment in Capital Assets Unrestricted	10,436 118,611	11,251 43,945	- 8,794_	3,222 (2,853)	- 8,796	24,909 177,293
Total Net Position	\$ 129,047	\$ 55,196	\$ 8,794	\$ 369	\$ 8,796	\$ 202,202
CONDENSED STATEMENT OF REVENUES, EXPERIOR Operating Revenues Operating Expenses Operating Income (Loss)	\$ 562,841 (143,227) 419,614	\$ 244,423 (124,695) 119,728	\$ 8,965 (432) 8,533	\$ 227 (34,270)	\$ 19,076 (271) 18,805	\$ 835,532 (302,895) 532,637
Nonoperating Revenues (Expenses)	117,011	117,720	0,000	(31,313)	10,000	002,007
Investment Income (Loss), Net of Expenses Net Decrease in the Fair Value of Investments Other Nonoperating Revenues	(427) (383)	87 - -	3 -	- - 34,043	4 - -	(333) (383) 34,043
Other Nonoperating Expenses	(399,468)	(111,682)	(7,620)		(16,067)	(534,837)
Change in Net Position	19,336	8,133	916		2,742	31,127
Net Position, Beginning of Year	109,711	47,063	7,878	369	6,054	171,075
Net Position, End of Year	\$ 129,047	\$ 55,196	\$ 8,794	\$ 369	\$ 8,796	\$ 202,202

Table 35. Shands Hospital and Others (a)	mounts expressed in ti	housands)			
	Shands Teaching Hospital & Clinics, Inc.	Shands Jacksonville HealthCare, Inc.	University of Florida Self-Insurance Program	University of Florida Healthcare Education Insurance Company	Total Shands Hospital and Others
CONDENSED STATEMENT OF NET POSITION					
Assets Due from Component Units/University Other Current Assets Capital Assets, Net	\$ 56,685 456,711 741,104	\$ 225,792 203,336	\$ - 184,517 -	\$ 49,164 3,940	\$ 105,849 870,960 944,440
Other Noncurrent Assets Total Assets	767,086 2,021,586	44,894 474,022	184,517	53,110	2,733,235
	2,021,380	474,022	184,517	53,110	
Deferred Outflows of Resources Deferred Amounts Related to Pensions Accumulated Decrease in Fair Value	41,573	2,563	-		44,136
of Interest Rate Swap Agreements Losses on Debt Refunding	47,809 496	348			48,157 496
Total Assets and Deferred Outflows of Resources	2,111,464	476,933	184,517	53,110	2,826,024
Liabilities					
Due to Component Units/University	10,057	41,927	49,164	-	101,148
Other Current Liabilities Noncurrent Liabilities	220,846 920,645	94,821 163,550	9,126 24,099	9 7,475	324,802 1,115,769
Total Liabilities	1,151,548	300,298	82,389	7,484	1,541,719
Deferred Inflows of Resources Deferred Amounts Related to Pensions Gains on Debt Refunding	78,717 10,758	7,422	-		86,139 10,758
Total Liabilities and Deferred Inflows of Resources	1,241,023	307,720	82,389	7,484	1,638,616
Net Position Net Investment in Capital Assets Restricted-Nonexpendable Endowment Restricted-Expendable Endowment Other Restricted Net Position Unrestricted	60,853 97 7,646 - 801,845	52,469 - 4,093 - 112,651	- - - 102,128	45,626	113,322 97 11,739 147,754 914,496
Total Net Position	\$ 870,441	\$ 169,213	\$ 102,128	\$ 45,626	\$ 1,187,408
CONDENSED STATEMENT OF REVENUES, EXPENSE	S. AND CHANGES IN NI	ET POSITION			
Operating Revenues Operating Expenses	\$ 1,280,902 (1,071,317)	\$ 590,077 (577,609)	\$ 10,005 (9,517)	\$ 656 2,312	\$ 1,881,640 (1,656,131)
Operating Income	209,585	12,468	488	2,968	225,509
Nonoperating Revenues (Expenses) Investment Income, Net of Expenses Net Decrease in the Fair Value of Investments Other Nonoperating Revenues Other Nonoperating Expenses	13,384 (5,244) 26,485 (170,197)	10,762 - 419 (22,783)	4,727 - - -	1,291 - - -	30,164 (5,244) 26,904 (192,980)
Change in Net Position	74,013	866	5,215	4,259	84,353
Net Position, Beginning of Year	937,365	168,347			1,105,712
Adjustments to Beginning Net Position (Note 2)	(140,937)	-	96,913	41,367	(2,657)
Net Position, Beginning of Year, as Restated	796,428	168,347	96,913	41,367	1,103,055
, ,					
Net Position, End of Year	\$ 870,441	\$ 169,213	\$ 102,128	\$ 45,626	\$ 1,187,408

Table 36. SEGMENT INFORMATION		
CONDENSED STATEMENT OF DOCITION	Transportation and Parking Services	Department of Housing and Residence Education
CONDENSED STATEMENT OF POSITION		
Assets Current Assets Capital Assets, Net Other Noncurrent Assets	\$ 7,812,961 34,981,268 9,206,157	\$ 5,092,925 149,144,199 6,448,844
Total Assets	52,000,386	160,685,968
Liabilities Current Liabilities Noncurrent Liabilities	3,446,262 19,154,954	16,752,238 82,096,253
Total Liabilities	22,601,216	98,848,491
Net Position Net Investment in Capital Assets Restricted Unrestricted	15,680,386 9,200,930 4,517,854	68,569,199 197,712 (6,929,434)
Total Net Position	\$ 29,399,170	\$ 61,837,477
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Expenses): Operating Revenues Depreciation Expense Other Operating Expenses	\$ 22,161,453 (2,311,100) (15,694,856)	\$ 54,585,412 (7,773,736) (40,552,383)
Operating Income	4,155,497	6,259,293
Nonoperating Revenues (Expenses): Investment Income Interest on Capital Asset-Related Debt Other Transfers	23,337 (981,062) (1,049,025) (2,350,718)	257,282 (3,781,506) (6,593,656) 5,593,410
Net Nonoperating Revenues (Expenses)	(4,357,468)	(4,524,470)
Change in Net Position	(201,971)	1,734,823
Net Position, Beginning of Year	29,601,141	60,102,654
Net Position, End of Year	\$ 29,399,170	\$ 61,837,477
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by: Operating Activities Noncapital Financing Activities Capital and Related Financing Activities Investing Activities	\$ 6,781,316 (2,311,019) (3,798,326) (671,971)	\$ 19,397,323 (7,710,430) (37,100,716) 28,657,276
Net Increase in Cash and Cash Equivalents	-	3,243,453
Cash and Cash Equivalents, Beginning of Year		1,327,296
Cash and Cash Equivalents, End of Year	\$ -	\$ 4,570,749

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress - Other Postemployment Benefits Plan (amounts in thousands)

Actuarial Valuation Date	rial Value of Assets (a)	Lia	Actuarial Accrued ability (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	\$	\$	455,677	\$ 455,677	0%	\$ 948,375	48%
7/1/2011	-		643,742	643,742	0%	996,686	65%
7/1/2013 (2)	-		663,395	663,395	0%	1,072,984	62%

⁽¹⁾ The entry age cost actuarial method is used by the University.

⁽²⁾ The July 1, 2013, unfunded actuarial liability of \$663.4 million was higher than the July 1, 2011, liability of \$643.7 million due to several factors. While there were fewer retirees and the healthcare trend rates are lower, the rising age of retirees and the potential impact of the excise tax from the Affordable Care Act increased the implicit rate subsidy and offset the decreasing factors.

Schedule of University's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Defined Benefit Pension Plan

		2014 (1) (2)	 2013 (1)
University's Proportion of the FRS Net Pension Liability		1.52%	1.23%
University's Proportionate Share of the FRS Net Pension Liability	\$	92,657,576	\$ 212,307,108
University's Covered-Employee Payroll (3)	\$ 1	,024,891,028	\$ 1,053,555,913
University's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered-Employee Payroll		9.04%	20.15%
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) Changes of assumptions As of June 30, 2014, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 4.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%.
- (3) Covered-employee payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and 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 (FRS) Defined Benefit Pension Plan

	_	2015 (1)	_	2014 (1)
Contractually Required FRS Contribution FRS Contributions in Relation to the Contractually Required FRS Contribution	\$	38,680,557 (38,680,557)	\$	33,264,015 (33,264,015)
Contribution Deficiency (Excess)	\$	<u>-</u>	\$	-
University's Covered-Employee Payroll (2)	\$	1,066,940,109	\$	1,024,891,028
FRS Contributions as a Percentage of Covered-Employee Payroll		3.63%		3.25%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) Covered-employee payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, State University Optional Retirement Program, and 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's Proportionate Share of the Net Pension Liability -Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

	 2014 (1) (2)	 2013 (1)
University's Proportion of the HIS Net Pension Liability	1.41%	1.38%
University's Proportionate Share of the HIS Net Pension Liability	\$ 131,969,507	\$ 120,063,826
University's Covered-Employee Payroll (3)	\$ 396,471,815	\$ 382,427,384
University's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered-Employee Payroll	33.29%	31.40%
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) Change of assumption The municipal rate used to determine total pension liability decreased from 4.63% to 4.29%.
- (3) Covered-employee payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, and DROP.

Schedule of University Contributions - Health Insurance Subsidy (HIS) Defined Benefit Pension Plan 2015 (1) 2014 (1) \$ 4,834,988 Contractually Required HIS Contribution 5,578,364 HIS Contributions in Relation to the Contractually Required HIS Contribution (5,578,364) (4,834,988) \$ Contribution Deficiency (Excess) \$ University's Covered-Employee Payroll (2) \$ 413,619,247 \$ 396,471,815 HIS Contributions as a Percentage of Covered-Employee Payroll 1.35% 1.22% Notes: (1) The amounts presented for each fiscal year were determined as of June 30. (2) Covered-employee payroll includes active employees who are members of the following plans: defined benefit, Investment Plan, and DROP.



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 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 the University of Florida, 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 February 17, 2016, included under the heading INDEPENDENT AUDITOR'S REPORT. Our report includes a reference to other auditors who audited the financial statements of the 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. 2016-058.

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, CPA Tallahassee, Florida

February 17, 2016

Audit Report No. 2016-098

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Dr. W. Kent Fuchs

President

Jane Adams

Vice President for University Relations

Elias G. Eldayrie

Vice President and Chief Information Officer

Paula Varnes Fussell

Vice President for Human Resources Services

Dr. Joseph Glover

Provost and Senior Vice President for Academic Affairs

Dr. David S. Guzick

Senior Vice President for Health Affairs

Jamie Lewis Keith

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Dr. David P. Norton

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Dr. Jack P. Payne

Senior Vice President for Agriculture and Natural Resources

Curtis A. Reynolds

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PRINCIPAL FINANCE AND ACCOUNTING OFFICIALS

Alan M. West

Assistant Vice President and University Controller

Brad S. Staats

Assistant Vice President for Contracts and Grants Accounting Services

Bradley W. Bennett

Senior Associate Controller for University Disbursement Services, Asset Management, and Cost Analysis

Kathleen M. Tillett

Senior Associate Controller for General Accounting, Financial Reporting, Payroll and Tax Services

Vacant

Senior Associate Controller for University Bursar and Treasury Management

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UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES)

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) TABLE OF CONTENTS JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

University of Florida Department of Housing and Residence Education Gainesville, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Florida Department of Housing and Residence Education's (UFDHRE) Housing System Revenue Fund (comprised of the 1984, 2005A, 2011A, 2012A, and 2013A Bond Series), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UFDHRE Housing System Revenue Fund, as of June 30, 2015 and 2014, and the changes in its net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 1, the financial statements of UFDHRE are intended to present the financial position and the changes in net position and cash flows of the University of Florida that is attributable to the transactions of the Department of Housing and Residence Education. They do not purport to, and do not, present fairly the financial position of the University of Florida as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the UFDHRE's financial statements as a whole. The accompanying Certificate and Interest Sinking Fund statements of net position and statements of changes in net position for the 1984, 2005A, 2011A, 2012A, and 2013A Bond Series, and related Holding Fund, Building Maintenance and Equipment Reserve Fund and Schedule of Outstanding Debts on pages 22 through 36, are prepared on the modified cash basis, and are presented for purposes of additional analysis and are not a required part of the financial statements.

The Certificate and Interest Sinking Fund statements of net position and statements of changes in net position for the 1984, 2005A, 2011A, 2012A, and 2013A Bond Series, and related Holding Fund, Building Maintenance and Equipment Reserve Fund and Schedule of Outstanding Debts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of UFDHRE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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 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 UFDHRE's internal control over financial reporting and compliance.

James Meore : 6., P.L.

Gainesville, Florida October 22, 2015

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015 AND 2014

The University of Florida Department of Housing and Residence Education (UFDHRE) is an auxiliary enterprise of the University of Florida. This section of UFDHRE's annual financial report presents our discussion and analysis of UFDHRE's financial performance during the fiscal years ending June 30, 2015 and 2014. It should be read in conjunction with UFDHRE's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide information about the activities of UFDHRE and present a longer term view of UFDHRE's financial position. The Statement of Cash Flows provides information regarding net cash from (used in) various activities of UFDHRE.

The financial statements also include notes that explain information in the financial statements and provide more detailed data. These notes form an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of UFDHRE's activities and performance.

FINANCIAL ANALYSIS OF THE AUXILIARY

The following select financial information was derived from UFDHRE's complete set of financial statements included in this report. It is presented to support management's analysis of financial position and results of operations that follows this information.

The Auxiliary's Net Position

	 2015	 2014	 2013
Current Assets	\$ 5,092,925	\$ 2,419,274	\$ 4,449,283
Non-Current Assets	 2,992,935	 2,503,938	 2,386,114
Total Assets	 8,085,860	 4,923,212	6,835,397
Current Liabilities	11,340,601	7,401,562	5,771,288
Non-Current Liabilities	1,151,513	1,092,297	1,037,361
Total Liabilities	 12,491,114	 8,493,859	6,808,649
Invested in Capital Assets, Net of			
Related Debt	2,523,180	2,503,938	2,386,114
Unrestricted	 (6,929,434)	 (6,074,585)	(2,359,366)
Total Net Position	\$ (4,406,254)	\$ (3,570,647)	\$ 26,748

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING

AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015 AND 2014

(Continued)

THE AUXILIARY'S ACTIVITIES

Sources of Revenue for Fiscal Year 2015

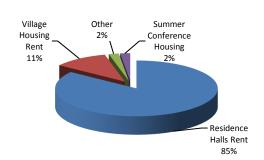
Village Other Summer Housing 2% Conference Rent Housing 2%

Residence

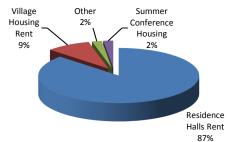
Halls Rent

85%

Sources of Revenue for Fiscal Year 2014

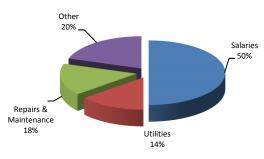


Sources of Revenue for Fiscal Year 2013



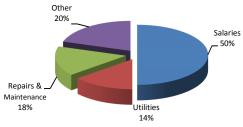
Total Revenues \$54,588,224

Expenses for Fiscal Year 2015



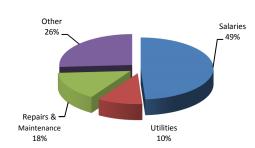
Total Revenues \$52,397,217

Expenses for Fiscal Year 2014



Total Revenues \$48,969,569

Expenses for Fiscal Year 2013



Total Expenses (excluding transfers) \$41,175,653

Total Expenses (excluding transfers) \$40,548,561

Total Expenses (excluding transfers) \$38,209,725

Changes in Net Position

	2015	2014	2013
Operating Non-operating Total Revenues	\$ 54,585,412	\$ 52,304,777	\$ 48,678,910
	2,812	92,440	<u>290,659</u>
	54,588,224	52,397,217	48,969,569
Operating Non-operating Total Expenses	41,102,501	40,466,392	38,044,594
	73,152	82,169	165,131
	41,175,653	40,548,561	38,209,725
Excess(deficiency) before transfers Total Transfers Change in Net Position	13,412,571	11,848,656	10,759,844
	(14,248,178)	(15,446,051)	(17,057,542)
	\$ (835,607)	\$ (3,597,395)	\$ (6,297,698)

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015 AND 2014

(Continued)

FINANCIAL POSITION AND RESULTS OF OPERATION

The combined activities of UFDHRE are required to be reported in one enterprise fund. Enterprise fund statements offer short-term and long-term financial information for activities that are operated like a business. The UFDHRE is self-supporting, receiving no State support and as such, charges a fee for all services it provides.

UFDHRE attempts to operate on a financial breakeven basis by generating revenue sufficient to cover operating costs, debt service and provide for long-term maintenance of buildings. Operating revenues were \$ 54,585,412 for the fiscal year ended June 30, 2015, and \$52,304,777 for the fiscal year ended June 30, 2014, generating an operating profit of \$13,482,911 and \$11,838,385 respectively. There was a 3% increase in rental rates for fiscal year ending June 30, 2015.

In the Statements of Cash Flows, net cash flow from operations was \$19,397,323 and \$13,913,262 for the fiscal year ending June 30, 2015 and 2014, respectively. Net cash flow was sufficient to cover UFDHRE's long-term debt service transfer of \$8,361,506 and \$7,401,587, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2015	2014	2013
\$ 8,867,799	\$ 8,342,596	\$ 7,842,074
(6,344,619)	(5,838,658)	(5,455,960)
\$ 2,523,180	\$ 2,503,938	\$ 2,386,114
	(6,344,619)	\$ 8,867,799 \$ 8,342,596 (6,344,619) (5,838,658)

As of July 1, 2011, the State increased the capitalization for furniture and equipment from \$1,000 to \$5,000. UFDHRE capitalizes furniture and equipment costing \$5,000 or greater, by residence hall and village housing areas. All items are decaled and inventoried annually.

The land and buildings (twenty-four residence halls and five graduate and family housing apartment complexes) are owned by the University of Florida and the State of Florida and, therefore are not recorded by the UFDHRE as an asset. Refer to the Notes to Financial Statements (Note 3).

Long-Term Debt

The long-term debt associated with the bonds outstanding is in the name of and reported in the University of Florida's Comprehensive Annual Financial Report. At fiscal year ending June 30, 2015, there was \$80,575,000 in bonds outstanding. Refer to Notes to Financial Statements (Note 4).

OTHER MATTERS

These financial statements portray UFDHRE's operating performance and financial position for the fiscal year ending June 30, 2015 and 2014. UFDHRE continues with a strong financial position meeting all debt service requirements. We have continued our commitment to upgrading our facilities with expenditures for capital improvements projects of \$6,830,481 and \$9,287,094 for the fiscal years ending 2015 and 2014, respectively.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015 AND 2014

(Continued)

UFDHRE revised our Master Plan 2012-2018, as we continue to look toward the future of renovation of our facilities, as well as building a new residence hall. Since development of the Housing Master Plan, our department completed many planned renovation projects including installation of fire sprinkler and alarm systems, electrical support for sprinklers, flooring removal and replacement, bathroom renovations, domestic water line replacement and window removal and replacement projects are planned. To date, Riker, Reid, North, Mallory, Yulee, Tolbert, East, Jennings, Broward (except the northwest wing), Simpson, Weaver and Keys have been completed as a result of this Master Plan. Additionally, we have expanded and upgraded our network rooms located in our main housing office and Hume Hall.

Work continued during the summer to renovate Broward Hall, which is one of the largest facilities oncampus. Renovations included new bathrooms (new showers and sinks), new kitchen lounges with new furniture, new floors, residential furniture and wardrobes in the student rooms. Additionally, a passenger elevator was added in the west wing of Broward Hall.

Additionally, UFDHRE continues to use the financing from the 2012A construction bond. During the summer of 2014, Buckman Hall air conditioning project was completed. During the summer of 2015, we began the final phase of adding air conditioning to Thomas Hall. The project will be completed for Fall 2015 opening. Of the eleven buildings in Corry Village, eight buildings are now completed. The final three buildings have been put on hold, due to the rising cost of construction. In December 2013, UFDHRE secured a new construction bond to build a brand new residence hall, Cypress Hall. Cypress Hall will add an additional 255 bed spaces, 35 of those spaces can be modified to support students with higher levels of disabilities. Room types will be single suites, double suites and 3 bedroom super suites for 6 residents.

During the next fiscal year, UFDHRE will begin reviewing our current deferred maintenance schedule. Our commitment to improve and maintain our facilities remain a top priority. Reexamining our renovation schedule will better fit the needs of our residents, help us remain competitive in the rental market, and allow us to continue to grow our renovation reserve account.

CONTACTING MANAGEMENT

This financial narrative is designed to provide you with a general overview of UFDHRE's finances and to show accountability for the various revenues we receive. If you have questions about this report or need additional financial information, please contact financial services at:

University of Florida Department of Housing and Residence Education PO Box 112100
Gainesville, FL 32611-2100
(352) 392-2171

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current assets		
Cash and cash equivalents	\$ 4,513,949	\$ 1,272,123
Accounts receivable	127,183	196,064
Student receivables (less allowance of \$111,966 and	,	
\$94,184 at June 30, 2015 and 2014, respectively)	105,960	647,553
Notes receivable - current portion	58,933	- -
Inventory	286,900	303,534
Total current assets	5,092,925	2,419,274
Noncurrent assets		
Notes receivable - noncurrent portion	469,755	-
Capital assets, net	2,523,180	2,503,938
Total noncurrent assets	2,992,935	2,503,938
Total Assets	\$ 8,085,860	\$ 4,923,212
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 2,893,495	\$ 1,910,180
Retainage payable	103,576	842,507
Unearned rent	8,253,530	4,558,875
Compensated absences - current portion	90,000	90,000
Total current liabilities	11,340,601	7,401,562
Noncurrent liabilities		
Compensated absences - noncurrent portion	1,151,513	1,092,297
Total noncurrent liabilities	1,151,513	1,092,297
Total liabilities	\$ 12,492,114	\$ 8,493,859
NET POSITION		
Net Position		
Invested in capital assets	\$ 2,523,180	\$ 2,503,938
Unrestricted	(6,929,434)	(6,074,585)
Total net position	\$ (4,406,254)	\$ (3,570,647)

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION JUNE 30, 2015 AND 2014

	2015	2014
Operating revenue		
Residence hall rents	\$ 54,585,412	\$ 52,304,777
Operating expenses		
Salaries and related fringe benefits	21,015,860	20,190,713
Utilities	5,806,972	5,589,321
Repairs and maintenance	6,030,636	6,308,128
Small furniture and equipment	728,736	835,488
Depreciation	550,118	544,759
Administrative overhead	5,476,219	4,916,543
Other expenses	1,493,960	2,081,440
Total operating expenses	41,102,501	40,466,392
Operating income	13,482,911	11,838,385
•		
Nonoperating revenues (expenses)		
Investment revenue	2,491	91,285
Miscellaneous revenue	321	1,155
Financial scholarship transfer	(62,000)	(62,000)
Loss on equipment disposals	(11,152)	(20,169)
Total nonoperating revenues (expenses)	(70,340)	10,271
Income before transfers	13,412,571	11,848,656
Transfers		
Donated surplus	_	42,630
Capital contributions to plant fund	(6,830,481)	(9,287,094)
Debt service transfers	(8,361,506)	(7,401,587)
Repair and replacement transfers	943,809	1,200,000
Total transfers	(14,248,178)	(15,446,051)
Decrease in net position	(835,607)	(3,597,395)
Net position , beginning of year	(3,570,647)	26,748
Net position, end of year	\$ (4,406,254)	\$ (3,570,647)

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cook flows from an autim a activities		
Cash flows from operating activities	¢ 50 000 541	¢ 52 226 902
Cash received for rental charges	\$ 58,890,541	\$ 53,336,893
Payments for salaries and benefits	(20,956,644)	(20,135,777)
Payments to vendors	(18,536,574)	(19,287,854)
Net cash provided by operating activities	19,397,323	13,913,262
Cash flows from noncapital financial activities		
Transfers to plant fund	(8,154,412)	(8,833,823)
Transfers for debt service	(8,361,506)	(7,401,587)
Transfers for repairs and replacements	943,809	1,200,000
Scholarship transfer	(62,000)	(62,000)
Donated surplus		42,630
Net cash used in noncapital financial activities	(15,634,109)	(15,054,780)
Cash flows from capital and related financial activities		
Purchases of capital assets	(580,512)	(682,752)
Net cash used in capital and related financing activities	(580,512)	(682,752)
Cash flows from investing activities		
Investment income	2,491	94,974
Principal payments received on notes receivable	56,312	-
Other revenue	321	1,155
Net cash provided by investing activities	59,124	96,129
Net increase (decrease) in cash and cash equivalents	3,241,826	(1,728,141)
Cash and cash equivalents, beginning of year	1,272,123	3,000,264
Cash and Cash equivalents, organining of year	1,2/2,123	3,000,204
Cash and cash equivalents, end of year	\$ 4,513,949	\$ 1,272,123

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

	2015	2014
Reconciliation of operating income to net cash		
provided by operating activities		
Operating income	\$ 13,482,911	\$ 11,838,385
Adjustments to reconcile operating income to net cash		
provided by operating activities:		
Depreciation	550,118	544,759
Bad debts	17,782	793,883
Decrease in accounts receivable	68,881	804,761
Decrease (increase) in student receivables	523,811	(1,309,789)
Decrease in inventory	16,634	9,324
Increase in accounts payable	983,315	431,912
Increase in compensated absences	59,216	54,936
Increase in unearned rent	3,694,655	745,091
Total adjustments	5,914,412	2,074,877
Net cash provided by operating activities	\$ 19,397,323	\$ 13,913,262

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the University of Florida Department of Housing and Residence Education (UFDHRE) which affect significant elements of the accompanying financial statements.

- (a) **Reporting entity**—UFDHRE is a department of the University of Florida (the "University") located in Gainesville, Florida and is responsible for maintaining facilities and programming in support of the on-campus community. The President of the University is responsible for the management of the University, and UFDHRE operates as a department of the University under control of the Associate Vice President for Student Affairs. These financial statements include only those funds under the administrative control of the Associate Vice President for Student Affairs that relate directly to the operations of UFDHRE. These statements do not purport to present the financial position of the University as a whole.
- (b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the UFDHRE have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under these methods, revenues are recorded when earned and expenses are recognized when incurred.

UFDHRE distinguishes operating revenues and expenses from non-operating items. Operating revenues are those revenues that are generated from the primary operations of UFDHRE, which includes activities that have the characteristics of exchange transactions, such as residence halls and apartment rent, utilities, vending, and miscellaneous tenant charges. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of UFDHRE. All other expenses are reported as non-operating expenses.

UFDHRE follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which establishes financial reporting standards for state and local governments, including states, cities, towns, villages, and special purpose governments such as school districts and public utilities and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, an amendment to GASB Statement No. 34 for public colleges and universities to allow the use of the guidance for special-purpose governments engaged only in business-type activities, engaged only in government activities, or engaged in both governmental and business-type activities in their separately issued reports.

(c) **Net position**—The UFDHRE Housing System Revenue Fund's net position is classified as follows:

Invested in capital assets—Represents the UFDHRE's total investment in capital assets, net of outstanding debt obligations related to those capital assets. At June 30, 2015 and 2014, there is no related debt.

Unrestricted—Represents net position that is not restricted for any purpose and available for current operations.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

- (d) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end, and are unsecured. It is UFDHRE Housing System Revenue Fund's policy to provide an allowance for accounts receivable that are not expected to be collected. All amounts for accounts receivable are expected to be collected and, therefore, no allowance has been recorded.
- (e) Student receivables and allowance for doubtful accounts—The student tenant receivables detail is maintained under the University of Florida Student Accounts Receivable accounting system and includes student accounts outstanding. Annually, UFDHRE Housing System Revenue Fund calculates the amount 120 days past due and fully allows for such amounts, adjusting the allowance for doubtful accounts through bad debt expense.
- (f) **Notes receivable**—Notes receivable is comprised of an amount loaned to a related University entity to provide improvements to the facilities owned by the University and rented by the related entity. The face amount of the loan is \$585,000 and it has an effective interest rate of approximately 3%.
- (g) **Capital assets**—UFDHRE Housing System Revenue Fund capitalizes all furniture and equipment acquisitions in excess of \$5,000 and records these items at purchased cost. Fabricated furniture is recorded at actual cost to construct and includes labor and materials.

Expenditures for repairs and maintenance are expensed when incurred.

Residence halls and family housing buildings are owned by the University and recorded by the University of Florida Plant Fund. UFDHRE Housing System Revenue Fund does not include the underlying land or buildings on their balance sheet. Major building repairs and replacements incurred by UFDHRE Housing System Revenue Fund are recorded as "Capital contributions to plant fund" as shown in the statements of revenues, expenses, and changes in net assets.

- (h) **Inventory**—Inventory consists of materials and supplies primarily to make furniture. Materials and supplies inventories are valued at the lower of cost or market using the first-in, first-out method (FIFO).
- (i) **Unearned rent**—Unearned rent represents rent collected in June of the current year for summer and fall academic terms held in the subsequent year, and July Graduate and Family Housing rent billed and collected in June.
- (j) **Compensated absences**—The liability for compensated absences represents employees' accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

- (k) **Depreciation**—UFDHRE Housing System Revenue Fund records depreciation using the straight-line method. The straight-line method calculates depreciation over the estimated useful lives of the assets. For the years ended June 30, 2015 and 2014, depreciation expense totaled \$550,118 and \$544,759, respectively.
- (1) **Income taxes**—As an auxiliary entity of the University, UFDHRE Housing System Revenue Fund exists to furnish housing to students and charges a fee directly related to the cost to provide. Accordingly, UFDHRE is a tax exempt activity of the University.
- (m) Cash and cash equivalents—For the purposes of the statements of cash flows, cash and cash equivalents consist of pooled cash and investments with the University, who acts as UFDHRE's fiscal agent. 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 in accordance with Florida statutes.
- (n) **Accounting estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (o) **Budget**—Each year management prepares a proposed budget which is submitted to and approved by the Board of Trustees of the University.

(2) **Pooled Cash and Investments:**

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires additional disclosure concerning certain investment and deposit risk attributes for custodial credit risk, concentration of credit risk, credit risk, foreign currency risk, and interest rate risk.

UFDHRE Housing System Revenue Fund's pooled cash and investments are with the University, who acts as UFDHRE's fiscal agent.

The pooled cash and investments held on behalf of UFDHRE Housing System Revenue Fund by the University consist of the State Treasury Special Purpose Investment Account (SPIA), an external investment pool, and investment contracts held by the University of Florida Investment Corporation (UFICO).

UFDHRE has not established an investment policy for its investments but follows the investment policy of the University, who acts as their fiscal agent.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(2) **Pooled Cash and Investments:** (Continued)

At June 30, UFDHRE's pooled cash and investment balance is as follows:

	 2015	 2014
Petty cash	\$ 900	\$ 900
SPIA	4,513,049	656,186
Investment contracts		 615,037
Total pooled cash and investments	\$ 4,513,949	\$ 1,272,123

As a participant in SPIA, the University owns a share of the pool, not the underlying securities. The amounts included in these pools can be withdrawn on demand and are treated as cash and cash equivalents in the statement of cash flows. 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.

The investment contracts consist of units of ownership in limited partnerships formed to invest in various investment opportunities. These limited partnerships are managed by UFICO on behalf of the University.

The following information, as required by GASB Statement No. 40, is presented by UFDHRE as follows:

- (a) **Custodial credit risk**—UFDHRE investment in SPIA is not subject to custodial credit risk.
- (b) **Concentration of credit risk**—UFDHRE investment in SPIA is not subject to concentration of credit risk.
- (c) **Credit risk**—SPIA is rated by Standard & Poor's and the rating, as of June 30, 2015 and 2014, is Af.
- (d) **Interest rate risk**—The effective duration of SPIA is 2.67 years and 2.57 years as of June 30, 2015 and 2014, respectively.
- (e) **Foreign currency risk**—UFDHRE investment in SPIA is not subject to foreign currency risk.

(3) Furniture and Equipment:

UFDHRE Housing System Revenue Fund categorizes furniture and equipment by residence hall and graduate and family housing areas where the items are located. All items are decaled and inventoried annually.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(3) **Furniture and Equipment:** (Continued)

Furniture and equipment activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Iı	ncreases	Do	ecreases	Ending Balance
Furniture and equipment Less: Accumulated depreciation	\$ 8,342,596 5,838,658	\$	587,487 557,093	\$	62,284 51,132	\$ 8,867,799 6,344,619
Net furniture and equipment	\$ 2,503,938	\$	30,394	\$	11,152	\$ 2,523,180

Furniture and equipment activity for the year ended June 30, 2014, was as follows:

	eginning Balance	In	creases	De	ecreases	Ending Balance
Furniture and equipment Less: Accumulated depreciation	\$ 7,842,074 5,455,960	\$	682,752 544,759	\$	182,230 162,061	\$ 8,342,596 5,838,658
Net furniture and equipment	\$ 2,386,114	\$	137,993	\$	20,169	\$ 2,503,938

The land and buildings are owned by the University and the State of Florida and, therefore, are not recorded by UFDHRE Housing System Revenue Fund as an asset. At June 30, 2015 and 2014, the University recorded the value of the buildings constructed with the Revenue Fund bond proceeds at \$166,226,924 and \$130,012,258, respectively. The current insured value of the buildings and contents is approximated at \$261,000,000.

(4) Bonds Held by Related Party:

Bonds and revenue certificates were issued to construct student housing facilities. Outstanding bonds and revenue certificates include both term and serial bonds and are secured by a pledge of housing rental revenues.

Debt service on the bonds is paid from the gross revenues from operations. It is expected that these funds will continue to be sufficient to make the debt service payments.

The outstanding balances on the bonds payable are recorded by the University and are not a liability to UFDHRE Housing System Revenue Fund. The revenues of UFDHRE Housing System Revenue Fund are pledged for payment as follows:

1984 Series Bond

The University of Florida Housing Revenue Certificates, Series 1984, were paid off in their entirety in 2014.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(4) **Bonds Held by Related Party:** (Continued)

2005A Series Bond

The University of Florida Housing Revenue Certificates, Series 2005A, were issued in November 2005 to redeem the 1993 Series Bonds maturing 2006-2023 and the 2000 Series Bonds maturing 2011-2030 to be redeemed July 2010. Debt service for these bonds is paid from the operating revenue of the Housing System. The payment of the principal and interest is secured by the municipal bond insurance policy issued by Financial Guaranty Insurance Company.

	2015	2014
Payable at June 30	\$ 21,755,000	\$ 28,870,000

2011A Series Bond

The University of Florida Housing Revenue Certificates, Series 2011A, were issued in November 2011 to redeem the 1998 Series Bonds maturing 2012-2028. Debt service for these bonds is paid from the operating revenue of the Housing System.

	2015	2014
Payable at June 30	\$ 11,530,000	\$ 12,795,000

2012A Series Bond

The University of Florida Dormitory Revenue Bonds, Series 2012A, were issued in April 2012 for the renovation of Corry Village, Weaver Hall, Buckman Hall and Thomas Hall. Debt service for these bonds is paid for from the operating revenue of the Housing System.

	2015	2014
Payable at June 30	\$ 23,530,000	\$ 24,590,000

2013A Series Bond

The University of Florida Dormitory Revenue Bonds, Series 2013A, were issued in December 2013 for the construction of a new residence hall, Cypress Hall. Debt service for these bonds is paid for from the operating revenue of the Housing System.

	2015	2014
Payable at June 30	\$ 23,760,000	\$ 24,445,000

(5) Compensated Absence Liability:

Employees earn the right to be compensated for annual leave (vacation) and sick leave pursuant to University policy. Leave earned is accrued to the credit of the employee, and records are kept on each employee's unpaid leave balances.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(5) **Compensated Absence Liability:** (Continued)

Compensated absence liability activity for the year-end June 30, 2015, was as follows:

Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year	
\$	1,182,297	\$	142,686	\$	83,470	\$	1,241,513	\$	90,000

Compensated absence liability activity for the year-end June 30, 2014, was as follows:

Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year	
\$	1,127,361	\$	197,502	\$	142,566	\$	1,182,297	\$	90,000

(6) <u>Debt Service Transfers</u>:

The UFDHRE Housing System Revenue Fund transfers an amount necessary to make the annual principal and interest bond payment for the 1984, 2005A, 2011A, 2012A, and 2013A Series Bonds to the appropriate Housing System certificates and interest sinking fund. For the years ended June 30, the following amounts were transferred:

	2015		2014	
2005A Series	\$	2,711,862	\$	2,815,115
2011A Series		1,729,148		1,729,073
2012A Series		1,937,387		1,938,392
2013A Series		1,720,173		919,007
Transfers to be used in the next fiscal year		262,936		-
Total transferred	\$	8,361,506	\$	7,401,587

(7) **Payroll and Retirement Plans:**

All employees working at the Department of Housing are employees of the State of Florida and follow the hiring guidelines and pay policies of the University. The salary expense and related fringe benefits are recorded as expenses to UFDHRE Housing System Revenue Fund. The Florida Retirement System (FRS), a state-administered cost-sharing multiple employer public employee defined benefit plan, covers most employees working in regularly established positions. All liabilities associated with the retirement plans and all other post-employment benefits are recorded on the financial statements of the University, and are not allocated at the departmental level. For more information, refer to the financial statements for the University.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (1984, 2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

(8) Risk Management:

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. For property losses, the State retains the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named wind and flood losses through February 15, 2015. This increased to \$54 million starting February 16, 2014. For perils other than named wind 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, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State's 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.

(9) **Post-Employment Benefits:**

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from UFDHRE are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit 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.

(10) **Construction Commitments:**

As of June 30, 2015, the UFDHRE's has several construction contract commitments totaling \$9,868,803, of which \$4,236,479 has been expended through June 30, 2015.



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

University of Florida Department of Housing and Residence Education Gainesville, Florida:

We have audited, 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, the financial statements of the business-type activity and major fund of the University of Florida Department of Housing and Residence Education's (UFDHRE) Housing System Revenue Fund (comprised of the 1984, 2005A, 2011A, 2012A, and 2013A Bond Series) as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated October 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the UFDHRE Housing System Revenue Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UFDHRE's internal control. Accordingly, we do not express an opinion on the effectiveness of UFDHRE's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the UFDHRE Housing System Revenue Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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*.

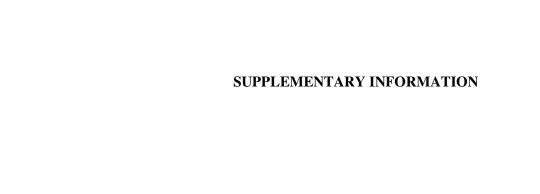
Restricted Use

The purpose of this report 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pursuant to Chapter 119, Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of UFDHRE, State University System, and the Bondholders of the UFDHRE Housing System Revenue Fund and should not be used by anyone other than these specified parties.

James Moore : Co., P.L.

Gainesville, Florida October 22, 2015



UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 1984 SERIES STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	2	2015		014
Assets	_			
Cash and cash equivalents	\$	-	\$	-
Investments		-		-
Total Assets	\$	-	\$	-
Net Position	\$	-	\$	-

See accompanying notes.

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 1984 SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014	
Revenues and other additions				
Investment revenue (loss)	\$	-	\$	154
Total revenues and other additions		-		154
Expenditures and other deductions				
Retirement of bonds		-		180,000
Interest		-		5,400
Administrative charges		-		18
Returned to the University		-		1,744
Total expenditures and other deductions		-		187,162
Change in net position		-		(187,008)
Net position, beginning of year		-		187,008
Net position, end of year	\$	-	\$	-

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2005A SERIES STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	 2015		2014
Assets			
Cash and cash equivalents	\$ 1,673	\$	1,554
Total Assets	\$ 1,673	\$	1,554
Net Position	\$ 1,673	\$	1,554

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2005A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 2,711,862	\$ 2,815,116
Transfer in from Escrow	135,750	271,500
Investment revenue	28	81
Total revenues and other additions	2,847,640	3,086,697
Expenditures and other deductions		
Retirement of bonds	1,570,000	1,475,000
Interest	1,275,081	1,484,581
Transfer to Escrow	-	124,438
Administrative charges	2,440	2,887
Total expenditures and other deductions	2,847,521	3,086,906
Change in net position	119	(209)
Net position, beginning of year	1,554	1,763
Net position, end of year	\$ 1,673	\$ 1,554

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2011A SERIES STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

		2015		2014	
Assets Cash and cash equivalents	\$	645	\$	697	
Total Assets Net Position	<u>\$</u> \$	645	<u>\$</u> \$	697 697	
THE I USINION	Ψ	073	Ψ	071	

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND

CERTIFICATE AND INTEREST SINKING FUND - 2011A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 1,729,148	\$ 1,729,073
Investment revenue	11	40
Total revenues and other additions	1,729,159	1,729,113
Expenditures and other deductions		
Retirement of bonds	1,265,000	1,240,000
Interest	462,931	487,731
Administrative charges	1,280	1,404
Total expenditures and other deductions	1,729,211	1,729,135
Change in net position	(52)	(22)
Net position, beginning of year	697	719
Net position, end of year	\$ 645	\$ 697

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2012A SERIES STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	2015		2014	
Assets Cash and cash equivalents Total Assets	<u>\$</u>	1,322 1,322	<u>\$</u> \$	1,353 1,353
Net Position	\$	1,322	\$	1,353

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND

CERTIFICATE AND INTEREST SINKING FUND - 2012A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 1,937,387	\$ 1,938,392
Investment revenue	22	51
Total revenues and other additions	1,937,409	1,938,443
Expenditures and other deductions		
Retirement of bonds	1,060,000	1,030,000
Interest	874,981	905,881
Administrative charges	2,459	2,562
Total expenditures and other deductions	1,937,440	1,938,443
Changes in net position	(31)	-
Net position, beginning of year	1,353	1,353
Net position, end of year	\$ 1,322	\$ 1,353

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2013A SERIES STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	2015		2014	
Assets				
Cash and cash equivalents	\$	47,880	\$	1,254
Total Assets	\$	47,880	\$	1,254
Net Position	\$	47,880	\$	1,254

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND

CERTIFICATE AND INTEREST SINKING FUND - 2013A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 1,720,173	\$ 919,007
Refunding bond proceeds	-	5,956,391
Transfer from escrow	46,635	-
Investment revenue	94,415	29,623
Total revenues and other additions	1,861,223	6,905,021
Expenditures and other deductions		
Retirement of bonds	685,000	360,000
Transfer to escrow	87,397	5,982,750
Interest	1,032,763	556,545
Administrative charges	9,437	4,472
Total expenditures and other deductions	1,814,597	6,903,767
Changes in net position	46,626	1,254
Net position, beginning of year	1,254	-
Net position, end of year	\$ 47,880	\$ 1,254

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - HOLDING FUND STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	2015		2014	
Assets Cash and cash equivalents Total Assets	<u>\$</u>	101,647 101,647	\$	41,471 41,471
Net Position	\$	101,647	\$	41,471

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - HOLDING FUND STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues and other additions		
Transfer from Housing System	\$ 8,361,506	7,401,587
Investment revenue	37,240	6,761
Total revenues and other additions	8,398,746	7,408,348
Expenditures and other deductions		
Transfer to bond series funds	8,098,570	7,401,587
Tranfer to 147 Fund	240,000	-
Total expenditures and other deductions	8,338,570	7,401,587
Changes in net position	60,176	6,761
Net position, beginning of year	41,471	34,710
Net position, end of year	\$ 101,647	\$ 41,471

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND BUILDING MAINTENANCE AND EQUIPMENT RESERVE FUND STATEMENTS OF NET POSITION JUNE 30, 2015 AND 2014

	 2015		
Assets			
Cash and investments	\$ 3,632	\$	68,260
Total Assets	\$ 3,632	\$	68,260
Net position			
Unrestricted	\$ 3,632	\$	68,260

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND BUILDING MAINTENANCE AND EQUIPMENT RESERVE FUND STATEMENTS OF CHANGES IN FUND BALANCE FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014		
Revenues and other additions				
Investment revenue	\$ 816	\$ 10,708		
Transfer in from 147 Fund	1,230,000			
Total revenues and other additions	1,230,816	10,708		
Expenditures and other deductions				
Transfer Out to Construction - Facilities and Planning	253,189	385,269		
Repairs and Maintenance	42,255	30,188		
Transfer to Housing Operating	1,000,000	1,100,000		
Total expenditures and other deductions	1,295,444	1,515,457		
Decrease in net position	(64,628)	(1,504,749)		
Net position, beginning of year	68,260	1,573,009		
Net position, end of year	\$ 3,632	\$ 68,260		

HOUSING SYSTEMS REVENUE FUND SCHEDULE OF OUTSTANDING DEBTS JUNE 30, 2015

University of Florida	Blended Interest Rate	Total Debt Issued	Balance June 30, 2015	Date of Maturity
Revenue Certificates - 2005A	4.9484%	37,610,000	21,755,000	7/1/2030
Revenue Certificates - 2011A	3.6859%	16,350,000	11,530,000	7/1/2028
Revenue Certificates - 2012A	3.5384%	26,500,000	23,530,000	7/1/2031
Revenue Certificates - 2013A	4.2606%	24,805,000	23,760,000	7/1/2033
Total Outstanding Debt		\$ 105,265,000	\$ 80,575,000	



UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES)

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) TABLE OF CONTENTS

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

University of Florida Department of Housing and Residence Education Gainesville, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Florida Department of Housing and Residence Education's (UFDHRE) Housing System Revenue Fund (comprised of the 2005A, 2011A, 2012A, and 2013A Bond Series), which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UFDHRE Housing System Revenue Fund, as of June 30, 2016 and 2015, and the changes in its net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1, the financial statements of UFDHRE are intended to present the financial position and the changes in net position and cash flows of the University of Florida that is attributable to the transactions of the Department of Housing and Residence Education. They do not purport to, and do not, present fairly the financial position of the University of Florida as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the UFDHRE's financial statements as a whole. The accompanying Certificate and Interest Sinking Fund statements of net position and statements of changes in net position for the 2005A, 2011A, 2012A, and 2013A Bond Series, and related Holding Fund, Building Maintenance and Equipment Reserve Fund and Schedule of Outstanding Debts on pages 22 through 34, are prepared on the modified cash basis, and are presented for purposes of additional analysis and are not a required part of the financial statements.

The Certificate and Interest Sinking Fund statements of net position and statements of changes in net position for the 2005A, 2011A, 2012A, and 2013A Bond Series, and related Holding Fund, Building Maintenance and Equipment Reserve Fund and Schedule of Outstanding Debts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016, on our consideration of UFDHRE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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 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 UFDHRE's internal control over financial reporting and compliance.

James Maore : Co., P.L.

Gainesville, Florida October 24, 2016

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

The University of Florida Department of Housing and Residence Education (UFDHRE) is an auxiliary enterprise of the University of Florida (the "University"). This section of UFDHRE's annual financial report presents our discussion and analysis of UFDHRE's financial performance during the fiscal years ending June 30, 2016 and 2015. It should be read in conjunction with UFDHRE's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide information about the activities of UFDHRE and present a longer term view of UFDHRE's financial position. The Statements of Cash Flows provides information regarding net cash from (used in) various activities of UFDHRE.

The financial statements also include notes that explain information in the financial statements and provide more detailed data. These notes form an integral part of these financial statements and should be read as a part of the financial statements in order for the reader to have a clear understanding of UFDHRE's activities and performance.

FINANCIAL ANALYSIS OF THE AUXILIARY

The following select financial information was derived from UFDHRE's complete set of financial statements included in this report. It is presented to support management's analysis of financial position and results of operations that follows this information.

The Auxiliary's Net Position

	 2016	 2015	2014		
Current Assets	\$ 6,985,989	\$ 5,092,925	\$	2,419,274	
Non-Current Assets	 3,006,370	2,992,935		2,503,938	
Total Assets	 9,992,359	 8,085,860		4,923,212	
Current Liabilities	8,026,165	11,340,601		7,401,562	
Non-Current Liabilities	 1,029,440	1,151,513		1,092,297	
Total Liabilities	 9,055,605	 12,492,114		8,493,859	
Net Investment in Capital Assets	2,501,682	2,523,180		2,503,938	
Unrestricted	 (1,564,928)	(6,929,434)		(6,074,585)	
Total Net Position	\$ 936,754	\$ (4,406,254)	\$	(3,570,647)	

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, JUNE 30, 2016 (Continued)

THE AUXILIARY'S ACTIVITIES

Sources of Revenue for Fiscal Year Sources of Revenue for Fiscal Year Sources of Revenue for Fiscal Year 2016 2015 2014 Summer Summer Other Other Village Village Other Summer Conference Conference Village Housing 2% Housing Conference Housing Housing Housing Rent Rent Housing 3% 2% 11% Rent 11% 2% 11% Residence Residence Residence Halls Rent Halls Rent Halls Rent 81% 85% 85% **Total Revenues \$59,717,940 Total Revenues \$54,588,224 Total Revenues \$52,397,217 Expenses for Fiscal Year 2016** Expenses for Fiscal Year 2015 Expenses for Fiscal Year 2014 Other Other Salaries Other 49% Salaries Salaries 50% Repairs& Repairs &_ Maintenance 16% Repairs & Maintenance Maintenance Utilities 17% 16% Utilities_ Utilities 14% 14% **Total Expenses (excluding** Total Expenses (excluding Total Expenses (excluding transfers) \$44,186,582 transfers) \$41,175,653 transfers) \$40,548,561 **Changes in Net Position** 2016 2015 2014 \$ 52,304,777 Operating \$ 59,716,641 \$ 54,585,412 Non-operating 1,299 2,812 92,440 **Total Revenues** 59,717,940 52,397,217 54,588,224 Operating 44,105,598 41,102,501 40,466,392 Non-operating 80,984 73,152 82,169 Total Expenses 44,186,582 41,175,653 40,548,561 Excess before transfers 15,531,358 13,412,571 11,848,656 (10,188,350)(14,248,178)(15,446,051)**Total Transfers**

Change in Net Position

5,343,008

\$

(835,607)

\$ (3,597,395)

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, JUNE 30, 2016

(Continued)

FINANCIAL POSITION AND RESULTS OF OPERATION

The combined activities of UFDHRE are required to be reported in one enterprise fund. Enterprise fund statements offer short-term and long-term financial information for activities that are operated like a business. The UFDHRE is self-supporting, receiving no State support beyond administrative support through the University, and as such, charges a fee for all services it provides.

UFDHRE attempts to operate on a financial breakeven basis by generating revenue sufficient to cover operating costs, debt service and provide for long-term maintenance of buildings. Operating revenues were \$59,716,641 for the fiscal year ended June 30, 2016, and \$54,585,412 for the fiscal year ended June 30, 2015, generating an operating profit of \$15,611,043 and \$13,482,911, respectively. There was a 3.5% increase in rental rates for fiscal year ending June 30, 2016, and a 3.0% increase in rental rates for fiscal year ending June 30, 2015. Additionally, 255 additional bed spaces were added to the Housing System with the opening of Cypress Hall in the fiscal year ending June 30, 2016.

Operating expenses were \$44,105,598 for fiscal year ending June 30, 2016 and \$41,102,501 for the fiscal year ending June 30, 2015. Operating expenses increased about three million dollars for fiscal year ending June 30, 2016, due in part to an increase in repairs and maintenance of approximately 1.4 million dollars and an increase in furniture and equipment of approximately \$683,000 for furnishing Cypress Hall residents rooms, office spaces, and public floor spaces. Additionally, utility rates increased on July 1, 2015 (electric .7%, chilled water 2.76%, steam 11.02%, water 6.63%, and waste water 10.07%). Transfers for fiscal year ending June 30, 2016 decreased approximately four million dollars as a result of a decrease in capital contributions to plant fund and a debt service transfer. Additionally, UFDHRE partnered with UAA for the renovation of the Keys Complex. This partnership involved sharing cost of the renovation and resulted in an increase of funding to repair and replacement transfers. Also, UFDHRE received one-time funding from the university to assist with the renovation of the Keys Complex and salary increases noted below.

Current liabilities were \$8,026,165 for fiscal year ending June 30, 2016 and \$11,340,601 for fiscal year ending June 30, 2015. Current liabilities decreased approximately three million dollars for fiscal year ending June 30, 2016 due in part to an approximate 1.4 million dollar reduction in accounts payables and two million dollar reduction in unearned rent. In the fiscal year ending June 30, 2016, the reduction in unearned rent was due to less students paying fall rent as of June 30, 2016. Fall rent is due the first week of August typically. Current liabilities increased approximately four million dollars for fiscal year ending June 30, 2015 due in part to an approximate one million dollar increase in accounts payables and 3.7 million dollar increase in unearned rent. In 2016 the accounts payable was lower because of the timing on receiving invoices from contractors for the facilities projects and because of the strategic realignment of facilities projects in an effort to increase the cash balance as June 30, 2016. During fiscal year ending June 30, 2015, UFDHRE started billing fall rent balances in May and did not change the August due date. The change in billing allowed returning and incoming students more time to secure payment for their rental fees and resulted in these changes to unearned rent.

In the Statements of Cash Flows, net cash flow from operations was \$12,603,215 and \$19,397,323 for the fiscal years ending June 30, 2016 and 2015, respectively. Net cash flow was sufficient to cover UFDHRE's long-term debt service transfers of \$7,905,501 and \$8,361,506 for fiscal years ending June 30, 2016 and 2015, respectively. Unrestricted net position increased approximately 5.4 million dollars for fiscal year ending June 30, 2016, primarily from an increase in rental income and an increase in repair and replacement transfers. The cash balance as of June 30, 2016 increased because of the

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION

HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, JUNE 30, 2016

(Continued)

strategic realignment of facilities projects and the increase in operating revenue, which was partially due the rental rate increase and higher occupancy. The cash balance as of June 30, 2015 increased because of the increase in operating revenue, which was partially due the rental rate increase and the higher occupancy caused by adjusting some room types, which resulted in higher overall occupancy. The unearned rent amount collected as of June 30, 2015 was also higher due to the adjustment of the first fall billing occurring in May.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	2016			2015	2014		
Furniture and Equipment	\$	9,273,802	\$	8,867,799	\$	8,342,596	
(Accumulated Depreciation)		(6,772,120)		(6,344,619)		(5,838,658)	
Net Furniture and Equipment	\$	2,501,682	\$	2,523,180	\$	2,503,938	

As of July 1, 2011, the State increased the capitalization for furniture and equipment from \$1,000 to \$5,000. UFDHRE capitalizes furniture and equipment costing \$5,000 or greater, by residence hall and village housing areas. All items are decaled and inventoried annually.

The land and buildings (twenty-four residence halls and five graduate and family housing apartment complexes) are owned by the University of Florida and the State of Florida and, therefore are not recorded by the UFDHRE as an asset. Refer to the Notes to Financial Statements (Note 3).

Long-Term Debt

The long-term debt associated with the bonds outstanding is in the name of and reported in the University of Florida's Comprehensive Annual Financial Report. As of June 30, 2016, there was \$75,870,000 in bonds outstanding. Refer to the Notes to Financial Statements (Note 4).

OTHER MATTERS

These financial statements portray UFDHRE's operating performance and financial position for the fiscal years ending June 30, 2016 and 2015. UFDHRE continues with a strong financial position meeting all debt service requirements. We have continued our commitment to upgrading our facilities with expenditures for capital improvements projects of \$5,619,849 and \$6,830,481 for the fiscal years ending 2016 and 2015, respectively.

UFDHRE revised our Master Plan 2012-2018, as we continue to look toward the future of renovation of our facilities, as well as building a new residence hall. Since development of the Housing Master Plan, our department completed many planned renovation projects including installation of fire sprinkler and alarm systems, electrical support for sprinklers, flooring removal and replacement, bathroom renovations, domestic water line replacement and window removal and replacement projects are planned. To date, Riker, Reid, North, Mallory, Yulee, Tolbert, East, Jennings, Broward (except the northwest wing), Simpson, Weaver and Keys have been completed as a result of this Master Plan. Additionally, we have expanded and upgraded our network rooms located in our main housing office and Hume Hall.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, JUNE 30, 2016

(Continued)

In August 2015, Cypress Hall was completed and opened for residents. The new hall added an additional 255 bed spaces. 35 of those spaces can be modified to support students with higher levels of disabilities. Additionally, the renovation of Thomas Hall was completed using bond proceeds. Thomas Hall was the last historic residential hall to have air conditioning added to the building. In September 2015, unfortunately a fire started in the attic of the Keys Common. The fire damaged the building, the laundry facility, recreational room and offices. The building was closed and Housing began working with the State of Florida on the insurance claim. Planning began in Spring 2016 to renovate the Keys Common, with an estimated cost of \$1.5 million. Construction began in May 2016. Finally, salary expenses increased due to UF President Fuch's announcement to raise the full-time benefited minimum wage to increase from \$10 to \$12 per hour and 2.5 percent merit-based.

During the next fiscal year, UFDHRE will continue reviewing our current deferred maintenance schedule. Our commitment to improve and maintain our facilities remain a top priority. Housing continues to evaluate our renovation schedule to better fit the needs of our residents, help us remain competitive in the rental market, and allow us to continue to grow our renovation reserve account.

CONTACTING MANAGEMENT

This financial narrative is designed to provide you with a general overview of UFDHRE's finances and to show accountability for the various revenues we receive. If you have questions about this report or need additional financial information, please contact financial services at:

University of Florida Department of Housing and Residence Education PO Box 112100
Gainesville, FL 32611-2100
(352) 392-2171

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
Current assets		
Cash and cash equivalents	\$ 6,329,081	\$ 4,513,949
Accounts receivable	178,283	127,183
Student receivables (net of allowance of \$136,989 and	,	,
\$111,966 at June 30, 2016 and 2015, respectively)	170,067	105,960
Notes receivable - current portion	37,607	58,933
Inventory	270,951	286,900
Total current assets	6,985,989	5,092,925
Noncurrent assets		
Notes receivable, less current portion	504,688	469,755
Capital assets, net	2,501,682	2,523,180
Total noncurrent assets	3,006,370	2,992,935
Total Assets	9,992,359	8,085,860
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	1,492,759	2,893,495
Retainage payable	147,057	103,576
Unearned rent	6,296,349	8,253,530
Compensated absences - current portion	90,000	90,000
Total current liabilities	8,026,165	11,340,601
Long-term liabilities		
Compensated absences, less current portion	1,029,440	1,151,513
Total noncurrent liabilities	1,029,440	1,151,513
Total liabilities	9,055,605	12,492,114
<u>NET POSITION</u>		
Net Position		
Net investment in capital assets	2,501,682	2,523,180
Unrestricted	(1,564,928)	(6,929,434)
Total net position	\$ 936,754	\$ (4,406,254)

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION JUNE 30, 2016 AND 2015

	2016	2015
Operating revenue		
Residence hall rents	\$ 59,716,641	\$ 54,585,412
Operating expenses		
Salaries and related fringe benefits	21,753,103	21,015,860
Utilities	6,052,444	5,806,972
Repairs and maintenance	7,441,121	6,030,636
Small furniture and equipment	1,412,052	728,736
Depreciation	585,027	550,118
Administrative overhead	5,328,405	5,476,219
Other expenses	1,533,446	1,493,960
Total operating expenses	44,105,598	41,102,501
Total operating expenses	44,103,336	41,102,301
Operating income	15,611,043	13,482,911
N		
Nonoperating revenues (expenses)		2 401
Investment revenue	1 200	2,491 321
Miscellaneous revenue	1,299	
Financial scholarship transfer	(70,000)	(62,000)
Loss on equipment disposals	(10,984)	(11,152)
Total nonoperating revenues (expenses)	(79,685)	(70,340)
Income before transfers	15,531,358	13,412,571
Transfers		
Donated surplus	25,000	_
Capital contributions to plant fund	(5,619,849)	(6,830,481)
Debt service transfers	(7,905,501)	(8,361,506)
Repair and replacement transfers	3,312,000	943,809
Total transfers	(10,188,350)	(14,248,178)
Increase (decrease) in net position	5,343,008	(835,607)
Net position, beginning of year	(4,406,254)	(3,570,647)
Net position, end of year	\$ 936,754	\$ (4,406,254)

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities		
Cash received for rental charges	\$ 57,630,646	\$ 58,890,541
Payments for salaries and benefits	(21,875,176)	(20,956,644)
Payments to vendors	(23,152,255)	(18,536,574)
Net cash provided by operating activities	12,603,215	19,397,323
Cash flows from noncapital financial activities		
Transfers to plant fund	(5,576,368)	(8,154,412)
Transfers for debt service	(7,905,501)	(8,361,506)
Transfers for repairs and replacements	3,312,000	943,809
Scholarship transfer	(70,000)	(62,000)
Donated surplus	25,000	-
Net cash used in noncapital financial activities	(10,214,869)	(15,634,109)
Cash flows from capital and related financial activities		
Purchases of capital assets	(574,513)	(580,512)
Net cash used in capital and related financing activities	(574,513)	(580,512)
Cash flows from investing activities		
Investment income	_	2,491
Principal payments received on notes receivable	_	56,312
Other revenue	1,299	321
Net cash provided by investing activities	1,299	59,124
Net increase in cash and cash equivalents	1,815,132	3,241,826
Cash and cash equivalents, beginning of year	4,513,949	1,272,123
Cash and cash equivalents, end of year	\$ 6,329,081	\$ 4,513,949

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

(Continued)

	2016	2015
Reconciliation of operating income to net cash		
provided by operating activities		
Operating income	\$ 15,611,043	\$ 13,482,911
Adjustments to reconcile operating income to net cash		
provided by operating activities:		
Depreciation	585,027	550,118
Bad debts	25,023	17,782
Decrease (increase) in accounts receivable	(64,707)	68,881
Decrease (increase) in student receivables	(89,130)	523,811
Decrease in inventory	15,949	16,634
Increase (decrease) in accounts payable	(1,400,736)	983,315
Increase (decrease) in compensated absences	(122,073)	59,216
Increase (decrease) in unearned rent	(1,957,181)	3,694,655
Total adjustments	(3,007,828)	5,914,412
Net cash provided by operating activities	\$ 12,603,215	\$ 19,397,323

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the University of Florida Department of Housing and Residence Education (UFDHRE) which affect significant elements of the accompanying financial statements.

- (a) **Reporting entity**—UFDHRE is a department of the University of Florida (the "University") located in Gainesville, Florida and is responsible for maintaining facilities and programming in support of the on-campus community. The President of the University is responsible for the management of the University, and UFDHRE operates as a department of the University under control of the Associate Vice President for Student Affairs. These financial statements include only those funds under the administrative control of the Associate Vice President for Student Affairs that relate directly to the operations of UFDHRE. These statements do not purport to present the financial position of the University as a whole.
- (b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the UFDHRE have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under these methods, revenues are recorded when earned and expenses are recognized when incurred.

UFDHRE distinguishes operating revenues and expenses from non-operating items. Operating revenues are those revenues that are generated from the primary operations of UFDHRE, which includes activities that have the characteristics of exchange transactions, such as residence halls and apartment rent, utilities, vending, and miscellaneous tenant charges. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of UFDHRE. All other expenses are reported as non-operating expenses.

UFDHRE follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which establishes financial reporting standards for state and local governments, including states, cities, towns, villages, and special purpose governments such as school districts and public utilities and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, an amendment to GASB Statement No. 34 for public colleges and universities to allow the use of the guidance for special-purpose governments engaged only in business-type activities, engaged only in government activities, or engaged in both governmental and business-type activities in their separately issued reports.

(c) **Net position**—The UFDHRE Housing System Revenue Fund's net position is classified as follows:

Net investment in capital assets—Represents the UFDHRE's total investment in capital assets, net of outstanding debt obligations related to those capital assets. At June 30, 2016 and 2015, there is no related debt.

Unrestricted—Represents net position that is not restricted for any purpose and available for current operations.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(1) **Summary of Significant Accounting Policies:** (Continued)

- (d) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end, and are unsecured. It is UFDHRE Housing System Revenue Fund's policy to provide an allowance for accounts receivable that are not expected to be collected. All amounts for accounts receivable are expected to be collected and, therefore, no allowance has been recorded.
- (e) **Student receivables and allowance for doubtful accounts**—The student tenant receivables detail is maintained under the University of Florida Student Accounts Receivable accounting system and includes student accounts outstanding. Annually, UFDHRE Housing System Revenue Fund calculates the amount 120 days past due and fully allows for such amounts, adjusting the allowance for doubtful accounts through bad debt expense.
- (f) **Notes receivable**—Notes receivable is comprised of an amount loaned to a related University entity to provide improvements to the facilities owned by the University and rented by the related entity. The face amount of the loan is \$585,000 and it has an effective interest rate of approximately .87%.
- (g) **Capital assets**—UFDHRE Housing System Revenue Fund capitalizes all furniture and equipment acquisitions in excess of \$5,000 and records these items at purchased cost. Fabricated furniture is recorded at actual cost to construct and includes labor and materials.

Expenditures for repairs and maintenance are expensed when incurred.

Residence halls and family housing buildings are owned by the University and recorded by the University of Florida Plant Fund. UFDHRE Housing System Revenue Fund does not include the underlying land or buildings on their balance sheet. Major building repairs and replacements incurred by UFDHRE Housing System Revenue Fund are recorded as "Capital contributions to plant fund" as shown in the statements of revenues, expenses, and changes in net assets. Funds transferred to UFDHRE Housing System Revenue Fund for major building repairs and replacements are recorded as "repair and replacement transfers."

- (h) **Inventory**—Inventory consists of materials and supplies primarily to make furniture. Materials and supplies inventories are valued at the lower of cost or market using the first-in, first-out method (FIFO).
- (i) **Unearned rent**—Unearned rent represents rent collected in June of the current year for summer and fall academic terms held in the subsequent year, and July Graduate and Family Housing rent billed and collected in June.
- (j) **Compensated absences**—The liability for compensated absences represents employees' accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND

(2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(1) **Summary of Significant Accounting Policies:** (Continued)

- (k) **Depreciation**—UFDHRE Housing System Revenue Fund records depreciation using the straight-line method. The straight-line method calculates depreciation over the estimated useful lives of the assets. For the years ended June 30, 2016 and 2015, depreciation expense totaled \$585,027 and \$550,118, respectively.
- (1) **Income taxes**—As an auxiliary entity of the University, UFDHRE Housing System Revenue Fund exists to furnish housing to students and charges a fee directly related to the cost to provide. Accordingly, UFDHRE is a tax exempt activity of the University.
- (m) Cash and cash equivalents—For the purposes of the statements of cash flows, cash and cash equivalents consist of pooled cash with the University, who acts as UFDHRE's fiscal agent. 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 in accordance with Florida statutes.
- (n) **Accounting estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (o) **Budget**—Each year management prepares a proposed budget which is submitted to and approved by the Board of Trustees of the University.

(2) **Pooled Cash:**

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires additional disclosure concerning certain investment and deposit risk attributes for custodial credit risk, concentration of credit risk, credit risk, foreign currency risk, and interest rate risk. UFDHRE pooled cash is not subject to these risks.

UFDHRE Housing System Revenue Fund's pooled cash is with the University, who acts as UFDHRE's fiscal agent. UFDHRE has not established a deposit policy for its deposits, but follows the policy of the University, who acts as their fiscal agent.

At June 30, UFDHRE's cash balance is as follows:

	2016			2015
Petty cash	\$	900	\$	900
Pooled cash		6,328,181		4,513,049
Total cash and cash equivalents	\$	6,329,081	\$	4,513,949

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(3) Furniture and Equipment:

UFDHRE Housing System Revenue Fund categorizes furniture and equipment by residence hall and graduate and family housing areas where the items are located. All items are decaled and inventoried annually.

Furniture and equipment activity for the year ended June 30, 2016, was as follows:

	- I	Beginning Balance	Iı	ncreases	D	ecreases	Ending Balance
Furniture and equipment Less: Accumulated depreciation	\$	8,867,799 6,344,619	\$	574,513 585,027	\$	168,510 157,526	\$ 9,273,802 6,772,120
Net furniture and equipment	\$	2,523,180	\$	(10,514)	\$	10,984	\$ 2,501,682

Furniture and equipment activity for the year ended June 30, 2015, was as follows:

	Beginning Balance		Increases		Decreases		Ending Balance	
Furniture and equipment Less: Accumulated depreciation	\$	8,342,596 5,838,658	\$	587,487 557,093	\$	62,284 51,132	\$	8,867,799 6,344,619
Net furniture and equipment	\$	2,503,938	\$	30,394	\$	11,152	\$	2,523,180

The land and buildings are owned by the University and the State of Florida and, therefore, are not recorded by UFDHRE Housing System Revenue Fund as an asset. At June 30, 2016 and 2015, the University recorded the value of the buildings constructed with the Revenue Fund bond proceeds at \$190,638,043 and \$166,226,924, respectively. The current insured value of the buildings and contents is approximated at \$292,000,000.

(4) **Bonds Held by Related Party:**

Bonds and revenue certificates were issued to construct student housing facilities. Outstanding bonds and revenue certificates include both term and serial bonds and are secured by a pledge of housing rental revenues.

Debt service on the bonds is paid from the gross revenues from operations. It is expected that these funds will continue to be sufficient to make the debt service payments.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(4) **Bonds Held by Related Party:** (Continued)

The outstanding balances on the bonds payable are recorded by the University and are not a liability to UFDHRE Housing System Revenue Fund. The revenues of UFDHRE Housing System Revenue Fund are pledged for payment as follows:

2005A Series Bond

The University of Florida Housing Revenue Certificates, Series 2005A, were issued in November 2005 to redeem the 1993 Series Bonds maturing 2006-2023 and the 2000 Series Bonds maturing 2011-2030 to be redeemed July 2010. Debt service for these bonds is paid from the operating revenue of the Housing System. The payment of the principal and interest is secured by the municipal bond insurance policy issued by Financial Guaranty Insurance Company.

	2016	2015	
Payable at June 30	\$ 20,705,000	\$ 21,755,000	

2011A Series Bond

The University of Florida Housing Revenue Certificates, Series 2011A, were issued in November 2011 to redeem the 1998 Series Bonds maturing 2012-2028. Debt service for these bonds is paid from the operating revenue of the Housing System.

	2016	2015
Payable at June 30	\$ 10,225,000	\$ 11,530,000

2012A Series Bond

The University of Florida Dormitory Revenue Bonds, Series 2012A, were issued in April 2012 for the renovation of Corry Village, Weaver Hall, Buckman Hall and Thomas Hall. Debt service for these bonds is paid for from the operating revenue of the Housing System.

	2016	2015
Payable at June 30	\$ 22,425,000	\$ 23,530,000

2013A Series Bond

The University of Florida Dormitory Revenue Bonds, Series 2013A, were issued in December 2013 for the construction of a new residence hall, Cypress Hall. Debt service for these bonds is paid for from the operating revenue of the Housing System.

	2016	2015
Payable at June 30	\$ 22,515,000	\$ 23,760,000

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(5) Compensated Absence Liability:

Employees earn the right to be compensated for annual leave (vacation) and sick leave pursuant to University policy. Leave earned is accrued to the credit of the employee, and records are kept on each employee's unpaid leave balances.

Compensated absence liability activity for the year-end June 30, 2016, was as follows:

Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year	
\$	1,241,513	\$	-	\$	122,073	\$	1,119,440	\$	90,000

Compensated absence liability activity for the year-end June 30, 2015, was as follows:

Beginning Balance		_A	Additions		Reductions		Ending Balance		Due Within One Year		
\$	1,182,297	\$	142,686	\$	83,470	\$	1,241,513	\$	90,000		

After June 30, 2016, no payment for accrued sick leave will be made for any type of separation from employment.

(6) **Debt Service Transfers:**

The UFDHRE Housing System Revenue Fund transfers an amount necessary to make the annual principal and interest bond payment for the 2005A, 2011A, 2012A, and 2013A Series Bonds to the appropriate University Housing System certificates and interest sinking fund. For the years ended June 30, 2016 and 2015, the following amounts were transferred:

	 2016	 2015
2005A Series	\$ 2,128,654	\$ 2,711,862
2011A Series	1,731,069	1,729,148
2012A Series	1,939,879	1,937,387
2013A Series	2,208,077	1,720,173
Transfers used from the prior year fiscal year	(262,936)	-
Transfers to be used in the next fiscal year	 160,758	 262,936
Total transferred	\$ 7,905,501	\$ 8,361,506

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(7) Payroll and Retirement Plans:

All employees working at the Department of Housing are employees of the State of Florida and follow the hiring guidelines and pay policies of the University. The salary expense and related fringe benefits are recorded as expenses to UFDHRE Housing System Revenue Fund. The Florida Retirement System (FRS), a state-administered cost-sharing multiple employer public employee defined benefit plan, covers most employees working in regularly established positions. All liabilities associated with the retirement plans and all other post-employment benefits are recorded on the financial statements of the University, and are not allocated at the departmental level. For more information, refer to the financial statements for the University.

(8) Risk Management:

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. For property losses, the State retains the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$54 million for named wind and flood losses. For perils other than named wind 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, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State's 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.

UNIVERISTY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEM REVENUE FUND (2005A, 2011A, 2012A, AND 2013A BOND SERIES) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

(9) **Post-Employment Benefits:**

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from UFDHRE are eligible to participate in the State Group Health Insurance Program, an agent multiple employer, defined-benefit 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.

(10) <u>Construction Commitments</u>:

As of June 30, 2016, the UFDHRE's has several construction contract commitments totaling \$6,634,266, of which \$3,035,651 has been expended through June 30, 2016.



INDEPENDENT AUDITORS' 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

University of Florida Department of Housing and Residence Education Gainesville, Florida:

We have audited, 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, the financial statements of the University of Florida Department of Housing and Residence Education's (UFDHRE) Housing System Revenue Fund (comprised of the 2005A, 2011A, 2012A, and 2013A Bond Series) as of and for the year ended June 30, 2016, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the UFDHRE Housing System Revenue Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UFDHRE's internal control. Accordingly, we do not express an opinion on the effectiveness of UFDHRE's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

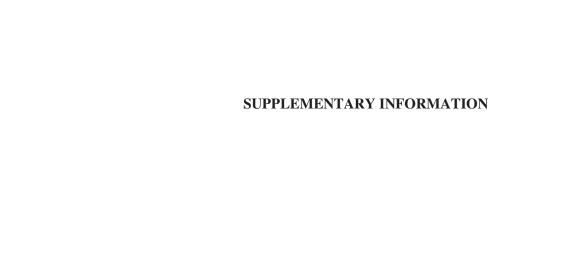
As part of obtaining reasonable assurance about whether the UFDHRE Housing System Revenue Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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*.

Purpose of this Report

The purpose of this report 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore : 60., P.L.

Gainesville, Florida October 24, 2016



UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2005A SERIES STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	 2016		2015
Assets Cash and cash equivalents Total Assets	\$ 1,753 1,753	\$	1,673 1,673
Net Position	\$ 1,753	\$	1,673

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2005A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 2,128,654	\$ 2,711,862
Transfer in from Escrow	-	135,750
Investment revenue	133	28
Total revenues and other additions	2,128,787	2,847,640
Expenditures and other deductions		
Retirement of bonds	1,050,000	1,570,000
Interest	1,076,531	1,275,081
Administrative charges	2,176	2,440
Total expenditures and other deductions	2,128,707	2,847,521
Change in net position	80	119
Net position, beginning of year	1,673	1,554
Net position, end of year	\$ 1,753	\$ 1,673

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2011A SERIES STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2	2016		015
Assets Cash and cash equivalents Total Assets	\$	706 706	\$	645 645
Net Position	\$	706	\$	645

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2011A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 1,731,069	\$ 1,729,148
Investment revenue	127	11
Total revenues and other additions	1,731,196	1,729,159
Expenditures and other deductions		
Retirement of bonds	1,305,000	1,265,000
Interest	424,981	462,931
Administrative charges	1,154	1,280
Total expenditures and other deductions	1,731,135	1,729,211
Change in net position	61	(52)
Net position, beginning of year	645	697
Net position, end of year	\$ 706	\$ 645

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2012A SERIES STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	 2016	2015	
Assets Cash and cash equivalents Total Assets	\$ 1,394 1,394	\$	1,322 1,322
Net Position	\$ 1,394	\$	1,322

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2012A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 1,939,879	\$ 1,937,387
Investment revenue	127	22
Total revenues and other additions	1,940,006	1,937,409
Expenditures and other deductions		
Retirement of bonds	1,105,000	1,060,000
Interest	832,581	874,981
Administrative charges	2,353	2,459
Total expenditures and other deductions	1,939,934	1,937,440
Changes in net position	72	(31)
Net position, beginning of year	1,322	1,353
Net position, end of year	\$ 1,394	\$ 1,322

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - 2013A SERIES STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2016	016 2015	
Assets			
Cash and cash equivalents	\$ 1,381	\$	47,880
Total Assets	1,381		47,880
Net Position	\$ 1,381	\$	47,880

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND

CERTIFICATE AND INTEREST SINKING FUND - 2013A SERIES STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenues and other additions		
Mandatory transfer from Housing System Revenue Fund	\$ 2,208,077	\$ 1,720,173
Transfer from escrow	-	46,635
Investment revenue	5,571	94,415
Total revenues and other additions	2,213,648	1,861,223
Expenditures and other deductions		
Retirement of bonds	1,245,000	685,000
Transfer to escrow	-	87,397
Interest	1,012,212	1,032,763
Administrative charges	2,935	9,437
Total expenditures and other deductions	2,260,147	1,814,597
Changes in net position	(46,499)	46,626
Net position, beginning of year	47,880	1,254
Net position, end of year	\$ 1,381	\$ 47,880

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - HOLDING FUND STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	 2016	2015	
Assets Cash and cash equivalents Total Assets	\$ 2,571 2,571	\$	101,647 101,647
Net Position	\$ 2,571	\$	101,647

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND CERTIFICATE AND INTEREST SINKING FUND - HOLDING FUND

STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Revenues and other additions		
Transfer from Housing System	\$ 7,905,501	\$ 8,361,506
Investment revenue	3,103	37,240
Total revenues and other additions	7,908,604	8,398,746
Expenditures and other deductions		
Transfer to bond series funds	8,007,680	8,098,570
Tranfer to 147 Fund	-	240,000
Total expenditures and other deductions	8,007,680	8,338,570
Changes in net position	(99,076)	60,176
Net position, beginning of year	101,647	41,471
Net position, end of year	\$ 2,571	\$ 101,647

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND BUILDING MAINTENANCE AND EQUIPMENT RESERVE FUND STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2016		2015	
Assets				
Cash and investments	\$	3,632	\$	3,632
Total Assets		3,632		3,632
Net position	\$	3,632	\$	3,632

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND BUILDING MAINTENANCE AND EQUIPMENT RESERVE FUND STATEMENTS OF CHANGES IN FUND BALANCE FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	 2016		2015
Revenues and other additions			
Investment revenue	\$ -	\$	816
Transfer in from 147 Fund	 -	1	1,230,000
Total revenues and other additions	-	1,230,816	
Expenditures and other deductions			
Transfer Out to Construction - Facilities and Planning	-		253,189
Repairs and Maintenance	-		42,255
Transfer to Housing Operating	 	1	1,000,000
Total expenditures and other deductions	-	1	1,295,444
Changes in net position	 -		(64,628)
Net position, beginning of year	3,632		68,260
Net position, end of year	\$ 3,632	\$	3,632

UNIVERSITY OF FLORIDA DEPARTMENT OF HOUSING AND RESIDENCE EDUCATION HOUSING SYSTEMS REVENUE FUND SCHEDULE OF OUTSTANDING DEBTS JUNE 30, 2016

University of Florida	Blended Interest Rate	 Total Debt Issued	Balance June 30, 2016	Date of Maturity
Revenue Certificates - 2005A	4.9965%	\$ 37,610,000	\$ 20,705,000	7/1/2030
Revenue Certificates - 2011A	3.6458%	16,350,000	10,225,000	7/1/2028
Revenue Certificates - 2012A	3.5156%	26,500,000	22,425,000	7/1/2031
Revenue Certificates - 2013A	4.2745%	24,805,000	22,515,000	7/1/2033
Total Outstanding Debt		\$ 105,265,000	\$ 75,870,000	

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 University of Florida (the "University") and the Division of Bond Finance of the State Board of Administration of Florida (the "Division") in connection with the issuance of \$19,390,000 State of Florida, Board of Governors, University of Florida 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 August 2, 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 restated on June 13, 2000, and as supplemented and amended through August 2, 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 University's fiscal year. Such information shall include:
 - (a) Housing System Occupancy Statistics;
 - (b) Housing System Rental Rates;
 - (c) Housing System Collection Rate;
 - (d) Housing System Financial Statements;
 - (e) Debt Service Coverage;
 - (f) Comparison of Budget to Actual for Fiscal Year;
 - (g) University Financial Statements; and
 - (h) 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 the trustee or 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	Division of Bond Finance
ByChairman	ByAssistant Secretary
University of Florida	
ByPresident	



APPENDIX J

Attorneys at Law 101 North Monroe Street Suite 900 Tallahassee, FL 32301 Tel 850.222.8611 Fax 850.222.8969

January 6, 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:

\$19,390,000 STATE OF FLORIDA BOARD OF GOVERNORS UNIVERSITY OF FLORIDA DORMITORY REVENUE REFUNDING BONDS, SERIES 2016A Dated January 6, 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 outstanding Bonds for the State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A 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 (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 January 10, 1989, as amended and restated on June 13, 2000, and as supplemented by resolution adopted on August 2, 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 OF BOND FINANCE BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION OF BOND FINANCE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for 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 bookentry 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 of Bond Finance 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 of Bond Finance, or the Board of Governors, 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 of Bond Finance or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division of Bond Finance 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 of Bond Finance, the Board of Governors 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 of Bond Finance, the Board of Governors 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 of Bond Finance, the Board of Governors 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 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 of Bond Finance 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 of Bond Finance 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.

