

**A RESOLUTION AUTHORIZING THE ISSUANCE OF DEBT
AND REQUESTING THE FLORIDA BOARD OF
GOVERNORS TO APPROVE THE ISSUANCE OF SUCH
DEBT TO FINANCE THE CONSTRUCTION OF CERTAIN
STUDENT UNION FACILITIES ON THE CAMPUS OF THE
UNIVERSITY OF NORTH FLORIDA, PROVIDING AN
EFFECTIVE DATE.**

**BE IT RESOLVED BY THE UNIVERSITY OF NORTH FLORIDA BOARD OF
TRUSTEES:**

Section 1. The University of North Florida Board of Trustees (the "Board of Trustees") hereby authorizes the issuance of debt by the University of North Florida Financing Corporation (the "DSO") and requests the Florida Board of Governors (the "Board of Governors") to approve the issuance of Capital Improvement Revenue Bonds in an amount not exceeding \$22,000,000 (the "Debt") for the purpose of financing the construction of student union facilities (the "Project") on the campus of the University of North Florida (the "University").

Section 2. The Project consists of the construction, installation and equipping of an approximately 148,000 square foot facility, containing offices for student organizations, a student lounge area, a food court, conference and meeting rooms, a restaurant, retail spaces, a book store and other support facilities. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will provide necessary student union facilities. Construction of the Project is expected to begin in July of 2007 and to be completed by September of 2008. Approximately \$19,874,825 of proceeds of the Debt together with approximately \$4,200,000 of funds currently available from Public Education Capital Outlay ("PECO") funds, \$5,206,467 of funds currently available from the Capital Improvement Trust Fund, approximately \$646,760 of investment earnings on the construction funds prior to expenditure on the project and approximately \$18,071,948 of other funds which include activity and service fees and other related auxiliary funds on hand are anticipated to be sufficient to complete the construction of the Project. Legislative approval of the Project has been obtained pursuant to Section 1010.62, Florida Statutes and has been obtained pursuant to the General Appropriations Act. No proceeds of the Debt will be used to finance operating expenses of the University or the DSO.

Section 3. The Debt is to be secured by first lien on activity and service fee revenues to be paid by the University pursuant to an operating agreement with the DSO. The DSO is legally authorized to secure the Debt with the revenues to be pledged pursuant to Section 1010.62, Florida Statutes. The University is also committed to ensuring that sufficient activity and service fee revenues will be generated to fulfill the DSO's obligations with respect to the Debt.

Section 4. The Debt will mature not more than 30 years after issuance. The Project has an estimated useful life of 50 years, which is beyond the anticipated final maturity of the Debt. The Debt will bear interest at a fixed interest rate.

Section 5. The Debt will be sold through negotiated sale. A negotiated sale or private placement is necessary due to a combination of factors. The DSO has only recently issued fixed rate bonds and thus the market is not very familiar with the University, and the security for the bonds. The lack of fixed rate bonds outstanding, lack of familiarity with the DSO and growth-based nature of the credit lessens the motivation for an underwriter to pre-market the bonds in a competitive sale and submit the most aggressive bid. The security for the bonds is project based and reliant on growth, and the market will view such security as speculative. The DSO is a new borrower in the fixed rate market and the fixed rate market has limited institutional awareness of the DSO. Additionally, there have been new and substantial changes to the Florida law regarding the ability of universities and direct support organizations to issue tax-exempt debt. An analysis showing that a negotiated sale is desirable is attached in **Appendix A**. The selection of underwriters was accomplished through a competitive selection process. The financial advisor and credit enhancement will be chosen through a competitive selection process.

Section 6. The Board of Trustees will comply, and will require the DSO to comply with all requirements of federal and state law relating to the Debt including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Debt and continuing secondary market disclosure of information regarding the Debt.

Section 7. The President and the Vice President of Administration and Finance and other authorized representatives of the University, and the Board of Trustees are hereby authorized to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Debt.

Section 8. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to **Appendix A** and finds that, the issuance of the Debt is in compliance with the Debt Management Guidelines, the university's debt management policy, and applicable law.

Section 9. This Resolution shall take effect immediately upon its adoption.

Adopted this ____ day of April, 2007.

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. the project program;
- b. a draw schedule for the project;
- c. sources and uses of funds for the project;
- d. an estimated debt service schedule;
- e. a description of the security supporting repayment and the lien position the debt will have on that security;
- f. a five year history, if available, and a five year projection, of the pledged revenues and the debt service coverage; and
- g. a negotiated sale analysis.