

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

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

**Section 1.** The Board of Trustees (the "Board of Trustees") of the University of North Florida (the "University") 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 \$116,000,000 (the "Debt") for the purpose of financing and refinancing the construction of student housing facilities (the "Project") on the campus of the University.

**Section 2.** The Project will consist of a new money construction component (the "New Money Project") and a refunding component (the "Refunding Project"). The New Money Project consists of the construction, installation and equipping of an approximately 366,000 square foot facility, containing approximately 1,000 beds and includes construction of road and parking improvements, extension of water and wastewater lines and construction of raised boardwalks across wetland areas to provide access to the core area of campus. The New Money 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 housing. Construction of the New Money Project is expected to begin in June of 2007 and to be completed by July of 2009. Approximately \$70,269,953 of proceeds of the Debt together with approximately \$12,000,000 of funds currently available from the housing and the parking auxiliary funds and \$4,000,000 of investment earnings on the construction funds prior to expenditure are anticipated to be sufficient to complete the construction of the New Money 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. A part of the DSO's plan of finance is to refund certain outstanding obligations of the University of North Florida Foundation, Incorporated (the "Foundation") which includes the Foundation's Capital Improvement Revenue Bonds, Series 1994, Capital Improvement Revenue Bonds, Series 1997 and its Capital Improvement Revenue Bonds, Series 2000 outstanding in an aggregate principal amount of \$34,200,000 and are referred to collectively as the "Prior Bonds". The proceeds of the Prior Bonds were used to finance or refinance the existing housing system facilities which currently consists of 2,000 beds all located on the University campus. The purpose of refunding the Prior Bonds is to create one consolidated housing system in the DSO. The maturity dates of the Prior Bonds is not being extended as part of the plan of refinance. 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 a first lien on net housing revenues to be paid by the University pursuant to an operating lease 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 housing 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, including any extensions or renewals thereof. 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 University has never issued fixed rate bonds and thus the market is unfamiliar with the University, its housing system 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 no 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. The selection of the credit enhancement will include an analysis of the cost of the credit enhancement and the expected interest cost savings resulting from its use.

**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, other than as described in the Project Summary related to debt service coverage ratios in Fiscal Year 2010-11 and ascending debt service schedule through Fiscal Year 2015-16, 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 17th day of May, 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.