

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 30, 2011

This document is "deemed final" by the Issuer as of its date for purposes of, and except for certain omissions permitted by, SEC Rule 15c2-12(b)(1).

Refunding Issue

This Official Statement has been prepared by the Division of Bond Finance to provide information about the 2011A 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.

\$25,525,000*
STATE OF FLORIDA
Board of Governors
Florida State University Dormitory Revenue Refunding Bonds
Series 2011A



Dated: Date of Delivery

Due: May 1, as shown on the inside front cover

Bond Ratings

AA Fitch Ratings
AA- Standard & Poor's Ratings Services

Tax Status

In the opinion of Bond Counsel, interest on the 2011A 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 2011A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The 2011A 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 2011A Bonds.

Redemption

The 2011A Bonds maturing on and after May 1, 2022, are subject to optional redemption. Certain of the 2011A Bonds may be subject to mandatory redemption, contingent upon the exercise of the Term Bonds option.

Security

The 2011A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the revenues of the Housing System after deducting the Administrative Expenses, the Current Expenses, and the Rebate Amount, if any. **The 2011A Bonds are not secured by the full faith and credit of the State of Florida or the University.**

Lien Priority

The lien of the 2011A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the Outstanding Bonds and any subsequently issued Additional Parity Bonds. The aggregate principal amount of Bonds which is expected to be Outstanding subsequent to the issuance of the 2011A Bonds is \$129,950,000* (excluding the principal amount of the Refunded Bonds equal to \$27,340,000).

Additional Bonds

Additional Parity Bonds payable on a parity with the 2011A Bonds and the Outstanding Bonds may be issued if the average Pledged Revenues for the two immediately preceding fiscal years, as adjusted, are at least 130% of the Maximum Annual Debt Service. This description of the requirements for the issuance of the Additional Parity Bonds is only a summary of the complete requirements. See "SECURITY FOR THE 2011A BONDS - Additional Parity Bonds" herein for more complete information.

Purpose

Proceeds will be used to refund all or a portion of the Outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001, and the Outstanding State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A, and to pay costs of issuance.

Interest Payment Dates May 1 and November 1, commencing May 1, 2012.

Record Dates April 15 and October 15.

Form/Denomination

The 2011A 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 2011A Bonds will not receive physical delivery of the 2011A Bonds. See "DESCRIPTION OF THE 2011A BONDS."

Closing/Settlement

It is anticipated that the 2011A Bonds will be available for delivery through the facilities of DTC in New York, New York approximately three weeks from the date bids are received.

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 2011A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

*Preliminary, subject to change.

MATURITY STRUCTURE

<u>Initial CUSIP®</u>	<u>Due Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>First Optional Redemption Date and Price</u>
	May 1, 2013	\$900,000			-
	May 1, 2014	945,000			-
	May 1, 2015	985,000			-
	May 1, 2016	1,025,000			-
	May 1, 2017	1,070,000			-
	May 1, 2018	1,115,000			-
	May 1, 2019	1,165,000			-
	May 1, 2020	1,220,000			-
	May 1, 2021	1,275,000			-
	May 1, 2022**	1,330,000			May 1, 2021 @ 100%
	May 1, 2023**	1,390,000			May 1, 2021 @ 100
	May 1, 2024**	1,455,000			May 1, 2021 @ 100
	May 1, 2025**	1,515,000			May 1, 2021 @ 100
	May 1, 2026**	1,585,000			May 1, 2021 @ 100
	May 1, 2027**	1,655,000			May 1, 2021 @ 100
	May 1, 2028**	1,740,000			May 1, 2021 @ 100
	May 1, 2029**	1,810,000			May 1, 2021 @ 100
	May 1, 2030**	1,895,000			May 1, 2021 @ 100
	May 1, 2031**	1,450,000			May 1, 2021 @ 100

**BIDS FOR THE 2011A BONDS WILL BE RECEIVED
AS PROVIDED IN THE NOTICE OF BOND SALE**

* Preliminary, subject to change.

** Subject to Term Bonds option, pursuant to which the successful bidder may designate Term Bonds, in which case the amounts will be subject to retirement by mandatory redemption. See "REDEMPTION PROVISIONS - Mandatory Redemption."

The State of Florida has not authorized any dealer, broker, salesman or other person to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied on. Certain information herein has been obtained from sources other than records of the State of Florida which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the State of Florida since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the 2011A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

STATE OFFICIALS

BOARD OF GOVERNORS

CHAIR
AVA L. PARKER

VICE CHAIR
DEAN COLSON

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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OFFICIAL STATEMENT
Relating to
\$25,525,000*
STATE OF FLORIDA
Board of Governors
Florida State University Dormitory Revenue Refunding Bonds, Series 2011A

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 \$25,525,000* State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2011A, dated the date of delivery (the "2011A Bonds"), by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance").

Proceeds will be used to refund all or a portion of the outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001, and the outstanding State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A, and to pay costs of issuance. See "THE REFUNDING PROGRAM" below for more detailed information.

The 2011A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of revenues of the Housing System, after payment of the Administrative Expenses, the Current Expenses, and the Rebate Amount, if any. See "THE REFUNDING PROGRAM" below for more detailed information.

The lien of the 2011A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993 and 2001; the State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A; the State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A and 2005A; the State of Florida Board of Governors, Florida State University Dormitory Revenue Bonds, Series 2010A (collectively, the "Outstanding Bonds"), and any subsequently issued Additional Parity Bonds. The aggregate principal amount of Bonds, including the 2011A Bonds, expected to be Outstanding subsequent to the issuance of the 2011A Bonds is \$129,950,000* (excluding the principal amount of the Refunded Bonds equal to \$27,340,000).

The 2011A 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 2011A 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 2011A 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

*Preliminary, subject to change.

AUTHORITY FOR THE ISSUANCE OF THE 2011A BONDS

General Legal Authority

The 2011A 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.

The 2006 Florida Legislature enacted Chapter 2006-27, Laws of Florida, which repealed Sections 1010.60-1010.619, Florida Statutes, and replaced those sections with Section 1010.62, Florida Statutes. As a result of the change, the Board of Governors, rather than the State Board of Education, may request the issuance of revenue bonds pursuant to the State Bond Act and Section 11(d), Article VII of the State Constitution to finance or refinance capital outlay projects authorized by the Legislature.

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:

<u>Board Member*</u>	<u>Term Expires</u>
Ava L. Parker, Chair - attorney (Jacksonville, FL)	January 6, 2012
Dean Colson, Vice Chair - attorney (Coral Gables, FL)	January 6, 2017
Richard A. Beard III - businessman (Tampa, FL)	January 6, 2017
Ann W. Duncan - businesswoman (Tarpon Springs, FL)	January 6, 2012
Patricia Frost - educator (Miami Beach, FL)	January 6, 2017
Morteza "Mori" Hosseini - businessman (Daytona Beach, FL)	January 6, 2017
J. Stanley Marshall - James Madison Institute (Tallahassee, FL)	January 6, 2012
Frank Martin - businessman (Tallahassee, FL)	January 6, 2012
Hector "Tico" Perez - attorney (Orlando, FL)	January 6, 2013
John Rood - businessman (Jacksonville, FL)	January 6, 2017
Gus A. Stavros - businessman (St. Petersburg, FL)	January 6, 2013
John W. Temple - businessman (Boca Raton, FL)	January 6, 2013
Norman D. Tripp - attorney (Fort Lauderdale, FL)	January 6, 2013

*There is currently a vacancy on the Board.

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

Gerard Robinson - Commissioner of Education (Tallahassee, FL)
Dr. Richard A. Yost - President, Advisory Council of Faculty Senates (Gainesville, FL)
Michael Long - Chair, Florida Student Association (Sarasota, FL)

University Board of Trustees

Article IX, Section 7 of the State Constitution provides for the existence of 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 E, "Florida State University" for a list of the trustees of the University.

Administrative Approval

By a resolution adopted on May 6, 2010, the Board of Governors has authorized and requested the Division of Bond Finance to proceed with the actions required for the issuance of refunding Bonds.

By resolutions adopted on November 17, 1992, as amended and restated on July 25, 2000, as further amended on October 28, 2003 (the "Fifth Supplemental Resolution") (collectively, the "Original Resolution") and as amended and supplemented by a resolution adopted on September 20, 2011 (the "Eleventh Supplemental Resolution"), the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance, authorized the issuance of an amount not exceeding \$33,000,000 in the aggregate of State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds. The Original Resolution and the Fifth and Eleventh Supplemental Resolutions are reproduced as Appendices B, C, and D to this Official Statement.

The Board of Administration approved the fiscal sufficiency of the 2011A Bonds, as required by the State Bond Act, on September 20, 2011.

DESCRIPTION OF THE 2011A BONDS

The 2011A Bonds are being issued as registered bonds in the denomination of \$1,000 or integral multiples thereof. The 2011A Bonds are payable from the Pledged Revenues as described herein. The 2011A 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 May 1 and November 1 of each year, commencing May 1, 2012, until maturity or redemption.

The 2011A Bonds will initially be issued exclusively in “book-entry” form. Ownership of one 2011A 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 2011A Bonds. Individual purchases of the 2011A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2011A Bonds or any certificate representing their beneficial ownership interest in the 2011A Bonds. See Appendix J, “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 2011A Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

Optional Redemption

The 2011A Bonds maturing in the years 2013 through 2021 both inclusive, are not redeemable prior to their stated dates of maturity. The 2011A Bonds maturing in 2022 and thereafter (including any Term Bonds) are redeemable prior to their stated dates of maturity, without premium, at the option of the Division of Bond Finance, (i) in part, by maturities and/or Amortization Installments to be selected by the Division of Bond Finance, and by lot within a maturity and/or Amortization Installment if less than an entire maturity and/or Amortization Installment is to be redeemed, or (ii) as a whole, on May 1, 2021, or on any date thereafter, at the principal amount of the 2011A Bonds so redeemed, together with interest accrued to the date of redemption.

Mandatory Redemption

The 2011A Bonds scheduled to mature in or after 2022 are subject to a special option which permits the successful bidder to specify that all the principal amount of the 2011A Bonds in any two or more consecutive years will, in lieu of maturing in each of such years, be considered to comprise a single maturity of 2011A Bonds (a “Term Bond”) scheduled to mature in the latest of such years and be subject to mandatory redemption from Amortization Installments in the principal amounts set forth on the inside front cover. The successful bidder may exercise the above option one or more times. The final Official Statement will reflect which 2011A Bonds, if any, will be Term Bonds, subject to mandatory redemption by completion of the following paragraph and amortization table for each Term Bond:

The 2011A Bonds maturing on May 1, 20__ (the “20__ Term Bonds”), are subject to mandatory redemption in part, by lot, on May 1, 20__, and on each May 1 thereafter to and including May 1, 20__, at the principal amount of the 20__ Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Installments in the years and amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
	\$		\$

Notice of Redemption

Notices of redemption of 2011A 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 2011A 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 any required notice of redemption as to any particular 2011A Bonds will not affect the validity of the call for redemption of any 2011A Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been given, whether or not the Registered Owner receives the notice.

Interest on the 2011A Bonds called for redemption will cease to accrue upon the redemption date.

THE REFUNDING PROGRAM

Proceeds of the 2011A Bonds, together with other legally available moneys, will be used to refund all or a portion of the outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001 maturing in the years 2013 through 2030, inclusive, in the outstanding principal amount of \$6,975,000 (the "Refunded 2001 Bonds"), and the outstanding State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A maturing in the years 2013 through 2031, inclusive, in the outstanding principal amount of \$20,365,000 (the "Refunded 2001A Bonds") (the Refunded 2001 Bonds and the Refunded 2001A Bonds are collectively referred to as the "Refunded Bonds"). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2011A Bonds, an agreement will be entered into to provide for the investment of the proceeds of the 2011A Bonds and other moneys, and the Division of Bond Finance will cause a portion of the proceeds of the 2011A Bonds, along with other legally available moneys, to be deposited in the State Treasury investment pool, a fund held and invested by the State Treasurer of Florida.

The amount of proceeds initially deposited is expected to be sufficient to make all payments of principal, interest and redemption premiums with respect to the Refunded Bonds. The Refunded Bonds will be economically defeased only; they will not be legally defeased but will remain Outstanding and will continue to be secured by the Pledged Revenues until redeemed.

It is anticipated that the Refunded Bonds will be called for redemption by separate redemption notice at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date, plus the required redemption premium equal to one percent of the Refunded Bonds. No funds held in escrow will be available to pay debt service on the 2011A Bonds.

Estimated Sources and Uses of Funds

The table below presents estimated sources and uses of funds based on certain assumptions as to interest rates, costs of issuance and the purchase price of the 2011A Bonds, which costs will be determined upon the actual pricing of such Bonds.

Sources of Funds:

Par Amount of 2011A Bonds	\$25,525,000
Plus: Premium Bid	<u>2,510,118</u>
Total Sources	<u><u>\$28,035,118</u></u>

Uses of Funds:

Deposit of Refunding Proceeds	\$27,613,400
Cost of Issuance	166,468
Underwriter's Discount	<u>255,250</u>
Total Uses	<u><u>\$28,035,118</u></u>

SECURITY FOR THE 2011A BONDS

Pledge of Housing System Revenues

The 2011A Bonds and the interest thereon constitute obligations of the Board on behalf of the University, and are payable solely from and secured as to the payment of principal and interest by, a first lien on the Pledged Revenues on a parity with the Outstanding Bonds which, including the 2011A Bonds, are expected to be Outstanding in the aggregate principal amount of \$129,950,000* (excluding the principal amount of the Refunded Bonds equal to \$27,340,000) subsequent to the issuance of the 2011A Bonds. Pledged Revenues are derived from the room rental income and charges for services or space provided by the Housing System. 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 "THE HOUSING SYSTEM" below. The Pledged Revenues consist of the revenues of the Housing System, as defined in the Resolution, at the University after deducting the Current Expenses, the Administrative Expenses and the Rebate Amount, if any. Pledged Revenues resulting from the operation of the Housing System and the related debt service coverage ratios are set forth in "THE HOUSING SYSTEM - Historical Debt Service Coverage", below.

The 2011A 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 2011A 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 2011A Bonds. The issuance of the 2011A 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 2011A Bonds.**

Reserve Account

The Resolution creates the Reserve Account within the Sinking Fund, which is to be used for payments of debt service on the Bonds when the amounts in the Sinking Fund are insufficient therefor. Separate subaccounts in the Reserve Account may be established for one or more Series of Bonds. Each subaccount will 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. In lieu of required deposits into the Reserve Account, the Board may at any time fund one or more subaccounts in the Reserve Account with one or more 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 Requirements for such subaccount.

Currently, there are two separate subaccounts in the Reserve Account for the benefit of the registered owners of (1) the 1993 Bonds, and (2) the 2001 Bonds, the 2001A Bonds, the 2004A Bonds, and the 2005A Bonds. The reserve subaccount for the 2001 Bonds, the 2001A Bonds, the 2004A Bonds and the 2005A Bonds is currently funded by two reserve account surety bonds issued by MBIA Insurance Corporation totaling \$5,737,080, one reserve account surety bond issued by Financial Security Assurance Inc. in the amount of \$597,285 and one reserve account surety bond issued by Financial Guaranty Insurance Company in the amount of \$1,048,284. The 2011A Bonds will not be secured by the Reserve Account.

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 the 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 in the Reserve Account. Any withdrawals from a subaccount in the Reserve Account will be subsequently restored from the first Pledged Revenues available after all required current payments for the Sinking Fund, including any deficiencies for prior payments, have been made in full.

*Preliminary, subject to change.

Flow of Funds

Collection of Pledged Revenues. Upon collection, Housing System Revenues are deposited into the University's bank account and accounted for in a separate 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 University may use the Pledged Revenues for optional redemption or purchase of Bonds or any lawful purpose of the University.

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

- (A) First, for payment of Current Expenses of the Housing System;
- (B) Second, the remaining moneys not needed for the purposes in (A) above are transferred to the Board of Administration to be used as follows:
 - (i) for payment of the Administrative Expenses;
 - (ii) for deposit into the Sinking Fund, an amount sufficient to pay the next installments of principal and interest to become due during the then current fiscal year, including Amortization Installments for any Term Bonds;
 - (iii) for the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, or subaccounts therein, in the Sinking Fund in an amount equal to the Debt Service Reserve Requirement; and
 - (iv) for deposit to the Rebate Fund, an amount of moneys sufficient to pay the Rebate Amount; and
- (C) Third, into the Building Maintenance and Equipment Reserve Fund, the amounts required by the Resolution.

Covenants of the Board

The Board has additionally covenanted in the Resolution as follows:

- (A) That it will punctually pay the Pledged Revenues in the manner and at the times provided in the Resolution and that it will duly and punctually perform and carry out all the covenants of the Board and the duties imposed upon the Board by the Resolution.
- (B) That in preparing, approving and adopting any budget controlling or providing for the expenditures of 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 as provided in the Resolution.
- (C) That it will from time to time recommend, fix and include in 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 facilities of the Housing System and will collect such amounts, which will produce sums sufficient to pay, when due, 100% of the amounts required under the Resolution.
- (D) That it will continue to collect the fines, fees, rentals and other amounts charged all individuals served by 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: (A) the proceeds from such Additional Parity Bonds will be used to acquire and construct capital additions or improvements to the Housing System or to refund Outstanding Bonds; (B) the Board must request the issuance of the Additional Parity Bonds; (C) the Board of Administration must approve the fiscal sufficiency of such Additional Parity Bonds; (D)

certificates will be executed by the Board and/or the University 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 the Bonds then Outstanding and the Additional Parity Bonds then proposed to be issued; (E) the Board and the University 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 thereafter 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 (F) 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 130% of the Maximum Annual Debt Service on the Bonds then Outstanding, and the Additional Parity Bonds then proposed to be issued. Additional Parity Bonds issued in accordance with the Original Resolution will be on a parity as to lien on the Pledged Revenues with the Outstanding Bonds and the 2011A Bonds.

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

The Resolution provides that for purposes of the Additional Parity Bond test, Pledged Revenues may be adjusted to reflect rate increases and additional Housing System facilities.

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THE HOUSING SYSTEM

(Source: Florida State University)

Introduction

Florida State University (the "University") is a comprehensive, graduate-research university, offering undergraduate, graduate, advanced graduate and professional programs of study. The main university campus is spread over 463.4 acres in Tallahassee, Florida. The University also has a branch campus in Panama City, Florida on 25.6 acres. The total student body exceeds 40,838, of whom approximately 76% are undergraduates and over 84% are full-time students. Information regarding the University is provided in Appendix E.

The University has on-campus housing for approximately 6,108 students. The University Housing Department, within the Division of Student Affairs, supports the mission of the University by providing student housing to the University community; it operates the University's housing program through a central housing office which has responsibility for general oversight and management, and through on-site management at each residential facility.

Staffing

The Housing System employs over 551 full-time and part-time staff. The staff, which includes students and non-students, is comprised of custodians, maintenance technicians, clerical staff and administrators. Selected staff members are trained to assess the development of students and to provide a comfortable environment that promotes and supports the education mission of the University.

Housing Facilities

The Housing System currently provides facilities to accommodate 6,067 undergraduate and 41 graduate students. The housing facilities are comprised of two apartment style residence halls and fourteen traditional residence halls, of which ten currently offer suite-style living arrangements (a bath adjoining two living units). Additionally, Wildwood Hall Phase II is currently under construction on the main campus of the University. This apartment style residence hall is expected to be open for the summer 2012 semester, adding 276 beds to the Housing System.

In addition to the above information on the housing facilities, the University owns a 188 bed on-campus apartment facility (Rogers Hall), and 786 off-campus apartment units (Alumni Village). These facilities are not currently part of the Housing System and none of their revenues are currently pledged to the bonds.

Outlined below are the residence halls that comprise the Housing System, their current design capacity and a historical synopsis of their major renovations.

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<u>Housing Facility</u>	<u>Original Construction Date</u>	<u>Current Design Capacity</u>	<u>Year of Renovation/Completion</u>	<u>Description of Renovation</u> ¹
Broward Hall	1917	135	1998	Complete renovation
Bryan Hall	1907	131	1996	Complete renovation
Cawthon Hall	1949	297	2002	Complete renovation
DeGraff Hall	2007	706	2007	New Construction
Deviney Hall	1952	243	1977	Installation of air conditioning
			1996	Fire code corrections
			1999	Installation of new elevators
			2000	Replaced all student room furniture
Dorman Hall	1959	281	1977	Installation of air conditioning
			1982	Fire code corrections
			1986	Fire code corrections
			2004	Fire alarm upgrades
Gilchrist Hall	1925	229	1998	Complete renovation
Jennie Murphree Hall	1921	326	1993	Complete renovation
Kellum Hall	1959	538	1977	Installation of air conditioning
			1982	Fire code corrections
			1992	Roof replaced
			1996	Fire code corrections
			2001	Installation of new elevators
			2004	Fire alarm upgrades
Landis Hall	1939	403	2006	Complete renovation
McCollum Hall	1973	199	2000	Exterior painting
			2002	Kitchen renovations
			2003	Replaced all student room furniture
			2005	Installation of new elevators
Ragans Hall	2003	555	2003	New Construction
Reynolds Hall	1911	243	1996	Complete renovation
Salley Hall West Tower	1964	285	2000	Complete renovation
Salley Hall East Tower	1964	285	2001	Complete renovation
Smith Hall	1952	553	1982	Fire code corrections
			1990	Roof replaced
			1992	Fire code corrections
			1995	Installation of air conditioning
			1995	Installation of new windows
			1997	Fire code corrections
			2000	Installation of new elevators
			2004	Fire alarm upgrades
			2004	Asbestos abatement
Wildwood Hall Phase I	2007	706	2007	New construction
Wildwood Hall Phase II ²	2012	276	2012	New construction

¹ Does not reflect the regular replacements of carpet, tile and other furnishings/equipment or routine repairs performed by the University to maintain and upgrade the housing facilities.

² Wildwood Hall Phase II is currently under construction and is expected to open for the summer 2012 semester.

Capital Improvement Plan

The Department of University Housing develops a ten year capital plan, identifying major capital projects required to maintain the quality of the housing units. Over the last five fiscal years the University has completed major capital improvements, including the complete renovation of Landis Hall, the razing and rebuilding of DeGraff Hall and the new

construction of Wildwood Hall Phase I. The capital improvements were funded with proceeds of the Outstanding Bonds and cash contributions from the Housing System. Other improvements common to all residence halls such as air conditioning, roof replacement, new elevators, furniture replacement and fiber optic wiring have also been completed. Capital plan expenditures over the past five years, other than those funded from bond proceeds, have averaged approximately \$2.75 million per year.

In Fiscal Year 2010-11, the Housing System began construction on a new facility on the main campus of the University with a capacity of approximately 276 beds. Total project costs for this facility were estimated at \$31,740,000 and were funded through the issuance of the Series 2010A bonds and cash contributions from the Housing System. Future plans include construction of a new, 862-bed facility that is scheduled to open in August 2015 and add a net increase of 362 beds to the Housing System. The new facility will replace Dorman and Deviney Halls, which are scheduled for demolition following completion of the new facility. This project will be funded through the issuance of Additional Parity Bonds and cash contributions from the Housing System. Additional priority projects not included in the capital improvement plan are identified and undertaken annually as funding becomes available.

Insurance on Facilities

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

Rental value insurance is also provided covering any loss of revenue from any facility.

Demand for On-Campus Housing

Historically, University housing facilities have been filled at or beyond 100% of their design capacity at the beginning of each fall semester, as reflected in the table below. Sustained strong demand for on-campus housing, limited bed space availability, and projections for future student enrollment growth at the University suggest to the housing management that a high occupancy rate is likely to continue.

Fall semester occupancy rates have averaged 100% of capacity over the past 5 years. In May 2011, the waiting list for on-campus housing exceeded 500.

In the years that occupancy rates for undergraduate halls exceed 100% for the fall semester, the overflow students are placed in temporary housing accommodations until permanent assignments can be identified through attrition. They are usually assigned to a permanent space within two weeks. The temporary accommodations are provided in rooms normally used for other purposes, such as lounges and study rooms. They are lockable facilities in close proximity to bath and shower areas. The addition of new beds into the Housing System has enabled the University to meet the housing needs of more entering students whose numbers continue to exceed the availability of space.

Total capacity has varied during the past five years due to the total renovation of some residence halls and due to the addition of other facilities to the Housing System.

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Housing System Occupancy Statistics
Fall Semester - First Day of Classes ¹

Fall Semester	Total Housing Capacity	Total Occupancy	Occupancy as % of Capacity	Total Housing Applications Received	Total Full-Time Students	% of Full-Time Students Living On Campus
2006 ²	4,699	4,699	100%	8,339	33,391	14%
2007 ³	6,108	6,123	100%	8,062	34,051	18%
2008	6,108	6,130	100%	8,057	32,309	19%
2009	6,108	6,112	100%	8,752	33,983	18%
2010	6,108	6,155	101%	9,087	34,371	18%

¹ These statistics reflect occupancy as of the official opening day of the residence halls comprising the Housing System.

² Landis Hall reopened, adding 403 bed spaces.

³ DeGraff Hall reopened, adding 706 bed spaces and Wildwood Hall Phase I opened, adding 706 bed spaces. Capacity statistics from Fall semester 2006 to Fall semester 2007 do not exactly reflect the change described due to other minor changes in the number of bed spaces elsewhere in the Housing System during that year.

On-Campus Rental Rates

Rental rates for residence halls at the University are reviewed on an annual basis. The Director of University Housing meets with a housing advisory committee early in the spring semester to make a recommendation for any rental rate increase that might become effective during the subsequent fall semester. If an increase is recommended, student government leaders, resident assistants, and all resident students are informed through meetings and written communications. These individuals do not have the opportunity to vote on the rental rate proposal. In compliance with the standard practice established within the State University System concerning housing rental rates, the University Department of Housing submits the recommendation prior to April 1 of each year to the University President's Office for approval. The proposal is subsequently forwarded to the Board of Trustees for concurrence.

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. For the current academic year 2011-12, the Housing System consists of air-conditioned double rooms with a total of 1,031 bed spaces, renovated air-conditioned suites with a total of 3,650 bed spaces, air-conditioned small double rooms with a total of 535 bed spaces, and 156 townhouse spaces and 584 single bedrooms in apartment facilities. The remaining 152 bed spaces are used for residential assistants' housing. The projected rental rates are for illustration purposes only and management of the University makes no representation as to whether any rental rate increases will be made in the future. Rental rate increases are based on annual market surveys and needs analyses. The projected rates shown below reflect a 5% annual increase for semester rates. These rental rates were used in the calculation of projected Housing System Revenues set forth in "Debt Service Coverage from Projected Pledged Revenues." 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.

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

	HISTORICAL					PROJECTED				
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Traditional Residence Halls ¹										
Small Double ²	\$1,790	\$1,850	\$1,950	\$2,050	\$2,150	\$2,260	\$2,375	\$2,495	\$2,620	\$2,750
Double	1,890	1,950	2,050	2,150	2,250	2,360	2,480	2,605	2,735	2,870
Single	2,205	2,280	2,400	2,525	2,650	2,785	2,925	3,070	3,225	3,385
Salley Hall Upgraded Suites										
Double	2,140	2,210	2,320	2,440	2,560	2,690	2,825	2,970	3,120	3,275
Single	2,425	2,505	2,635	2,770	2,920	3,065	3,220	3,385	3,555	3,805
Newly Constructed and Renovated Residence Halls ³										
Double	2,315	2,390	2,510	2,640	2,775	2,915	3,060	3,215	3,375	3,545
Single	2,600	2,690	2,830	2,975	3,130	3,285	3,450	3,625	3,810	4,000
McCullum Hall										
Double (Townhouse)	2,000	2,060	2,165	2,275	2,390	2,510	2,635	2,765	2,905	3,050
Single	2,575	2,660	2,800	2,940	3,100	3,255	3,420	3,590	3,770	3,960
Ragans Hall										
Single	2,600	2,685	2,820	2,965	3,120	3,275	3,440	3,615	3,795	3,985
Wildwood Hall Phase II ⁴										
Double	-	-	-	-	-	3,375	3,545	3,725	3,910	3,910

¹ Deviney, Dorman, Kellum and Smith Halls.

² Applies to Smith Hall only.

³ Broward, Bryan, Cawthon, DeGraff, Gilchrist, Landis, Jennie Murphree, Reynolds, and Wildwood Phase I Halls.

⁴ Expected to be open for the summer 2012 semester.

Student Housing Payments and Collection

University housing rental rates are determined for each academic year. Residence hall fees are the same for fall and spring semesters. A pre-payment is required at the time an application is submitted to the University for housing accommodations. Upon assignment of a room, the unpaid balance is due in advance for the fall semester and by the fifth day of classes for the spring semester. Payment options in lieu of full payment include a prepaid college program deferment plan, an installment plan of four monthly payments and a financial aid deferment plan. Over the past five years, the collection rates for all on-campus housing fees have averaged 98% of the fees assessed.

Students selecting the financial aid deferment plan must have sufficient aid to fully pay both tuition and housing. The student's account is placed on the University-wide accounts receivable system. During financial aid distribution, housing fees are deducted from the student's total financial aid award. Approximately one-third of the residence hall students select the financial aid method of payment. Another third of the students select the installment plan and the remaining students either pay in full or select the prepaid college program deferment plan whereby the prepaid college program pays the University directly for the students' housing accommodations. Unpaid rent is placed on the University-wide accounts receivable system for collection. Students with unpaid balances are precluded from registering for a subsequent semester and from receiving a transcript or diploma until their account is paid.

Comparison of Housing Rates

A survey of comparable off-campus facilities is included in the following section. The off-campus facilities selected for this survey were primarily student apartment facilities. The average rental rate for an off-campus two-bedroom apartment as of January 2011 was \$738 per month, or \$369 per person. The off-campus rental rates do not include utilities or any required deposits. On-campus rental rates for the 2011-12 academic year for a double occupancy, air-conditioned residence hall room range from \$538 to \$660 per month, per student. The on-campus rates include all utilities, local telephone services and a supervisory staff.

Survey of Off-Campus Monthly Housing Rates for Unfurnished Apartments ¹ (As of January 2011)

<u>Apartment Facility</u>	<u>One Bedroom</u>	<u>Two Bedrooms</u>	<u>Three Bedrooms</u>
Arbor View	\$789	\$889	\$1,009
Augustine Club	620	740	905
Benchmark West	475	634	-
Blairstone	790	932	1,000
Camaron	609	678	870
Chartre Oaks	540	700	1,200
Casa Cortez	616	720	-
Colony Club	629	726	-
Heritage Park	585	725	912
High Park Village	-	820	1,155
Indian Ridge	575	744	-
Landmark	697	635	-
Verandas of Blairstone	834	837	1,222
Meridian	697	777	937
Pines	-	782	862
Oakcrest	600	660	-
The Plaza	525	650	825
University Towers	563	-	-
Villa Cortez	550	640	-
Average	\$629	\$738	\$990

¹ The Homestore.com website and Apartment Finder Apartment Guide were used as a resource to survey 19 apartments located near the campus. Utilities are not included in the rental fees.

In addition to private off-campus apartment complexes, two private residence halls provide accommodations for students on a per semester, double occupancy basis. These private residence halls are Southgate Campus Centre and Studio Green with rental rates of \$3,425/semester and \$1,868/semester, respectively. The rental rate for Southgate Campus Centre includes a seven meal per week meal plan while the rental rate for Studio Green includes utilities, furniture, basic cable television and access to all on-site amenities.

In addition, the Heritage Grove apartment complex provides off-campus accommodations for 624 students. Although there is no specific contractual arrangement with the University, Heritage Grove is operated under covenants which require the project to be available primarily for students attending the University, and to particularly accommodate the housing needs of students who are members of non-profit affinity groups or organizations officially recognized by the University.

The majority of off-campus students live in apartment style housing with other students as close to campus as possible. Most freshmen students and their parents prefer on-campus housing accommodations.

Budgetary Process

The budgetary process for University Housing follows the guidelines issued by the Office of Budget and Analysis at the Florida State University. These guidelines provide a standardized format setting forth prior fiscal year information by budget categories uniformly for all University departments. Included with the auxiliary guidelines are various salary and benefit information and various insurance cost estimates. Housing rental rates have previously been established for the new fiscal year at the time of the rental rate increase process. Based on a thorough review of the current fiscal year's operation, revisions are made, if necessary, to the projected budget which was prepared as a part of the rental rate increase proposal. Various expenditure projections may be modified as updated information is available, however revenue projections are based on the approved rental rates. Projections are summarized by budget category, by department and are submitted to the Office of Budget and Analysis.

The following table sets forth the proposed Housing System operating budgets for Fiscal Years 2009-10 through 2011-12 and actual results for Fiscal Years 2009-10 and 2010-11. Revenues from operations were slightly higher than budgeted in both years 2009-10 and 2010-11. In Fiscal Year 2009-10, operating capital outlay (OCO), major projects exceeded budget significantly and included items such as \$1,075,543 for Smith Hall bathroom renovations, \$1,483,217 for renovations, HVAC and roofing at Salley Hall, and \$1,163,140 for major roofing projects at multiple halls. Fiscal Year 2010-11 non-operating expenses included a budgeted \$5,000,000 contribution to the construction of Wildwood Hall Phase II, however only \$3,000,000 was actually contributed. As a result, the remaining \$2,000,000 contribution is projected to occur during Fiscal Year 2011-12.

The following information has been prepared by the University on a cash basis for internal management purposes only and has not been audited.

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University Housing System Operating Budget

	Fiscal Year 2009-10			Fiscal Year 2010-11			Fiscal Year 2011-12
	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>	<u>Budget</u>
Revenue from Operations	\$30,785,579	\$31,786,172	\$1,000,593	\$32,305,756	\$33,327,657	\$1,021,901	\$33,955,633
Beginning Cash Balance	<u>14,343,062</u>	<u>14,343,062</u>	<u>-</u>	<u>13,829,258</u>	<u>13,829,258</u>	<u>-</u>	<u>11,881,039</u>
Total Funds Available	\$45,128,641	\$46,129,234	\$1,000,593	\$46,135,014	\$47,156,915	\$1,021,901	\$45,836,672
Expenditures:							
Salaries & Benefits	5,287,438	4,951,244	336,194	5,401,000	5,197,651	203,349	5,200,383
Other Personal Services	2,070,395	2,079,173	(8,778)	2,080,000	2,064,564	15,436	2,050,989
Operating Expenses	6,832,288	6,265,313	566,975	6,753,932	6,286,145	467,787	6,898,550
Operating Capital Outlay	2,820,900	5,333,378	(2,512,478)	4,194,600	3,949,814	244,786	6,068,250
Non-Operating Expenses	329,478	306,326	23,152	5,368,886	3,384,741	1,984,145	2,441,628
Debt Service	8,845,747	8,089,997	755,750	8,832,282	9,669,912	(837,630)	9,985,457
Replacement Reserve	<u>3,372,698</u>	<u>3,372,699</u>	<u>(1)</u>	<u>3,372,698</u>	<u>3,372,698</u>	<u>-</u>	<u>3,372,698</u>
Total Expenditures	\$29,558,944	\$30,398,130	(\$839,186)	\$36,003,398	\$33,925,525	\$2,077,873	\$36,017,955
Ending Cash Balance	\$15,569,707	\$15,734,104	\$164,397	\$10,131,616	\$13,231,390	\$3,099,774	\$9,818,717

Selected Historical Financial Information

The following tables set forth selected historical financial information for the University Housing System for the five Fiscal Years 2006-07 through 2010-11. The financial information for the Housing System was prepared by the University for internal management purposes as an integral part of the University's financial statements and was not independently audited. The Housing System information was prepared on the accrual basis of accounting and, beginning in Fiscal Year 2001-02, was prepared in accordance with generally accepted accounting principles and the Governmental Accounting Standards Board of the Financial Accounting Foundation Statement No. 35 (Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities).

The activities of the Housing System are included in the University Financial Statements. The University Financial Statements are subject to audit procedures as part of the audit of Florida's Comprehensive Annual Financial Report. Additionally, beginning in Fiscal Year 2001-02, the University Financial Statements are independently audited by the State Auditor General's office. University Financial Statements for Fiscal Year 2009-10 are reproduced as Appendix F, and the Housing System Financial Statements for Fiscal Year 2009-10 are reproduced as Appendix G.

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University Housing System
Statement of Net Assets (Unaudited) ¹

ASSETS	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Current assets:					
Cash	\$52,875	-	\$40,312	-	\$27,151
Investments	8,355,220	\$16,106,541	15,516,677	\$14,108,023	21,233,997
Accounts receivable, net	10,805	200,470	41,059	92,054	86,805
Interest and dividends receivable	33,666	46,395	39,159	37,609	46,919
Due from other University funds	7,950,558	6,082,447	6,315,013	6,333,210	7,517,933
Prepaid items	-	289	316	694	757
Total current assets	<u>\$16,403,124</u>	<u>\$22,436,142</u>	<u>\$21,952,536</u>	<u>\$20,571,590</u>	<u>\$28,913,562</u>
Noncurrent assets:					
Restricted:					
Cash	\$27,024	\$14,478	\$9,902	\$22,588	\$25,532
Investments	18,407,901	13,597,135	20,827,220	24,790,851	25,744,703
Interest and dividends receivable ²	-	-	-	58,444	58,809
Due from State	2,414,598	-	-	-	-
Due from component unit	-	-	14,344	-	-
Deferred finance charges	1,256,210	1,207,970	1,159,729	1,111,488	1,322,977
Capital assets, net of accumulated depreciation	<u>172,135,134</u>	<u>169,301,579</u>	<u>165,584,537</u>	<u>171,279,630</u>	<u>189,038,405</u>
Total noncurrent assets	<u>\$194,240,867</u>	<u>\$184,121,162</u>	<u>\$187,595,732</u>	<u>\$197,263,001</u>	<u>\$216,190,426</u>
Total Assets	<u><u>\$210,643,991</u></u>	<u><u>\$206,557,304</u></u>	<u><u>\$209,548,268</u></u>	<u><u>\$217,834,591</u></u>	<u><u>\$245,103,988</u></u>
LIABILITIES					
Current liabilities:					
Cash Overdraft	-	-	-	\$63,744	-
Accounts payable	\$89,867	\$351,284	\$768,904	202,301	\$190,401
Construction contracts payable	1,637,409	2,866	-	1,775,082	3,918,794
Accrued salaries & wages payable	228,145	59,058	87,038	113,556	119,950
Accrued interest payable	972,036	955,512	938,074	919,497	1,028,409
Deferred revenue	6,436,602	5,382,447	6,205,098	6,271,235	7,451,086
Bonds payable ,current portion	<u>3,015,000</u>	<u>3,110,000</u>	<u>3,290,604</u>	<u>3,395,604</u>	<u>3,885,762</u>
Total current liabilities	<u>\$12,379,059</u>	<u>\$9,861,167</u>	<u>\$11,289,718</u>	<u>\$12,741,019</u>	<u>\$16,594,402</u>
Non current liabilities:					
Bonds payable, long-term portion	\$125,382,736	\$122,197,132	\$118,830,923	\$115,435,318	\$130,044,121
Compensated absences payable	401,373	433,807	460,288	461,056	489,519
Arbitrage liability payable	<u>157,473</u>	<u>16,048</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non current liabilities	<u>\$125,941,582</u>	<u>\$122,646,987</u>	<u>\$119,291,211</u>	<u>\$115,896,374</u>	<u>\$130,533,640</u>
Total Liabilities	<u><u>\$138,320,641</u></u>	<u><u>\$132,508,154</u></u>	<u><u>\$130,580,929</u></u>	<u><u>\$128,637,393</u></u>	<u><u>\$147,128,042</u></u>
NET ASSETS					
Invested in capital assets, net of related debt	\$52,701,538	\$45,202,417	\$44,622,739	\$53,560,195	\$61,896,620
Restricted for project construction	4,804,634	5,190,538	3,909,403	6,387,545	2,994,137
Restricted for debt service	236,024	438,031	435,238	260,518	1,393,855
Restricted for renewal and replacement	7,835,983	9,586,709	18,036,922	17,908,352	21,740,057
Unrestricted	<u>6,745,171</u>	<u>13,631,455</u>	<u>11,963,037</u>	<u>11,080,588</u>	<u>9,951,276</u>
Total Net Assets	<u><u>\$72,323,350</u></u>	<u><u>\$74,049,150</u></u>	<u><u>\$78,967,339</u></u>	<u><u>\$89,197,198</u></u>	<u><u>\$97,975,945</u></u>

¹ Numbers may not add due to rounding.

² Restricted interest receivable was inadvertently included with unrestricted interest receivable in prior years. This amount is shown separately in fiscal years 2009-10 and 2010-11.

University Housing System
Statement of Revenues, Expenses and Changes in Net Assets (Unaudited)¹

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
OPERATING REVENUES					
Rental Income	<u>\$22,476,908</u>	<u>\$29,378,127</u>	<u>\$30,361,387</u>	<u>\$32,238,785</u>	<u>\$33,698,001</u>
OPERATING EXPENSES					
Salaries & employee benefits	\$6,474,765	\$7,794,483	\$7,955,923	\$8,120,315	\$8,486,034
Services and supplies	2,398,608	2,803,021	3,842,833	3,868,866	2,997,251
Utilities	3,776,214	4,123,429	4,676,421	4,232,309	4,226,223
Depreciation	2,785,482	5,150,033	5,148,083	4,023,346	4,055,186
Other Operating Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,563</u>	<u>73,916</u>
Total operating expenses	<u>\$15,435,069</u>	<u>\$19,870,966</u>	<u>\$21,623,260</u>	<u>\$20,324,399</u>	<u>\$19,838,610</u>
Net operating income	\$7,041,839	\$9,507,161	\$8,738,127	\$11,914,386	\$13,859,391
NONOPERATING REVENUES (EXPENSES)					
Investment income	\$2,475,779	\$1,360,533	\$651,009	\$1,015,267	\$1,253,009
Interest expense	(2,180,785)	(5,717,673)	(5,385,786)	(5,609,869)	(5,625,894)
Financing charges	(87,182)	(87,183)	(87,182)	27,363	13,565
Loss on disposal	(333,265)	(214)	-	-	-
Other nonoperating revenue (expenses)	<u>(209,517)</u>	<u>(438,541)</u>	<u>(82,904)</u>	<u>599,127</u>	<u>(23,610)</u>
Total net nonoperating revenues (expenses)	<u>(\$334,970)</u>	<u>(\$4,883,078)</u>	<u>(\$4,904,863)</u>	<u>(\$3,968,112)</u>	<u>(\$4,382,930)</u>
Net income before transfers	\$6,706,869	\$4,624,083	\$3,833,264	\$7,946,274	\$9,476,461
TRANSFERS	<u>\$111,784</u>	<u>(\$2,898,283)</u>	<u>\$1,084,925</u>	<u>(\$536,218)</u>	<u>(\$697,714)</u>
CHANGE IN NET ASSETS	\$6,818,653	\$1,725,800	\$4,918,189	\$7,410,056	\$8,778,747
TOTAL NET ASSETS, BEGINNING	\$65,504,697	\$72,323,350	\$74,049,150	\$78,967,339	\$89,197,198
ADJUSTMENT TO BEGINNING NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$2,819,803</u>	<u>-</u>
TOTAL NET ASSETS, ENDING	<u><u>\$72,323,350</u></u>	<u><u>\$74,049,150</u></u>	<u><u>\$78,967,339</u></u>	<u><u>\$89,197,198</u></u>	<u><u>\$97,975,945</u></u>

¹ Numbers may not add due to rounding.

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Discussion and Analysis of Financial Condition and Results of Operations

The operation of the Housing System depends primarily on revenues collected from room rentals. Interest income, laundry commissions and other miscellaneous fees provide additional income. Operating expenses include costs associated with salaries, utilities, daily maintenance functions, supplies, and cashiering/accounting. Non-operating expenses include those costs necessary for capital improvements of the facilities.

As the above schedules show, operating revenues from the Housing System increased 50% during the five Fiscal Years 2006-07 through 2010-11, or an average of 10% annually. The increase was primarily due to rental rate increases and the addition of 1,815 beds as facilities were added to the Housing System. In Fiscal Year 2006-07, operating revenues increased 15.6% due to the re-opening of Landis Hall, which added 403 beds to the Housing System. In the same year, operating expenses increased 8.8% due primarily to increased expenses related to the re-opening of Landis Hall. In Fiscal Year 2007-08, operating revenues increased 30.7% due to the opening of Wildwood Hall Phase I and DeGraff Hall, resulting in the addition of 1,412 beds. In Fiscal Year 2007-08, operating expenses increased 28.7% due to additional expenses related to the operation of the new facilities. In Fiscal Year 2008-09, operating revenues increase by approximately \$1 million as a result of a rental rate increase; however, operating expenses increased approximately \$1.8 million due to planned additional expenditures for furniture and equipment. These additional planned expenditures resulted in net operating income declining by approximately \$800,000. Fiscal Year 2009-10 operating revenues increased \$1.9 million primarily because of increases in rental rates of approximately 5%. The decrease in operating expenses of \$0.8 million during Fiscal Year 2009-10 resulted primarily from a decrease in depreciation expense due to the overstatement of depreciation expense in the prior year. Operating revenue for Fiscal Year 2010-11 increased approximately \$2.4 million primarily as a result of an increase in rental rates by approximately 5%. Operating expenses decreased approximately 2% as a result of a decrease in repairs and maintenance expense for the year.

Total assets remained relatively stable over the years presented. However, in Fiscal Year 2009-10, the University discovered that depreciation expense was overstated in prior years and that one of the residence halls had not been included as an asset in prior year financial statements. These adjustments were accounted for by a restatement of the beginning net assets in the amount of \$2,819,803 for Fiscal Year 2009-10. The increase in Fiscal Year 2010-11 was mainly due to the increase in investments and capital assets.

Additionally, during Fiscal Year 2010-11 the University discovered that \$624,419 of building improvements that should have been capitalized were incorrectly expensed on the Fiscal Year 2009-10 Financial Statements. As a result, Capital assets net of accumulated depreciation were increased by \$624,419 on the Statement of Net Assets while services and supplies expense was decreased by \$624,419 on the Statement of Revenues, Expenses and Changes in Net Assets for Fiscal Year 2009-10. This adjustment is not represented in the Housing System Financial Statements for Fiscal Year 2009-10 included as Appendix G.

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Historical Debt Service Coverage

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

Historical Debt Service Coverage from Pledged Revenues ¹

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Operating Revenues	\$22,476,908	\$29,378,127	\$30,361,387	\$32,238,785	\$33,698,001
Less: Current Expenses ²	<u>12,649,587</u>	<u>14,720,932</u>	<u>16,475,177</u>	<u>16,301,053</u>	<u>15,783,424</u>
Net Operating Revenue	\$9,827,321	\$14,657,195	\$13,886,210	\$15,937,732	\$17,914,577
Plus: Investment Income ³	<u>372,085</u>	<u>628,592</u>	<u>213,246</u>	<u>431,976</u>	<u>347,133</u>
Pledged Revenues	<u>\$10,199,406</u>	<u>\$15,285,787</u>	<u>\$14,099,456</u>	<u>\$16,369,708</u>	<u>\$18,261,710</u>
Annual Debt Service					
1993 Bonds	\$189,600	\$191,000	\$187,250	\$188,500	\$189,600
2001 Bonds	597,980	594,980	596,780	598,180	593,955
2001A Bonds	1,699,113	1,697,313	1,694,713	1,695,728	1,690,108
2004A Bonds	1,476,726	1,474,126	1,476,326	1,476,589	1,474,169
2005A Bonds ⁴	3,779,000	4,889,800	4,888,000	4,884,450	4,889,150
2010A Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,747</u>
Total Annual Debt Service	\$7,742,419	\$8,847,219	\$8,843,069	\$8,843,447	\$9,690,729
Maximum Annual Debt Service	\$8,847,219	\$8,847,219	\$8,843,447	\$8,843,447	\$9,992,841
Debt Service Coverage Ratios					
Annual Debt Service	1.32x	1.73x	1.59x	1.85x	1.88x
Maximum Annual Debt Service	1.15x	1.73x	1.59x	1.85x	1.83x

¹ The revenue and expenditure information has been provided by the University and has not been audited.

² Total current expenses are net of depreciation.

³ Investment income presented in this table includes only interest earned on the operating account of the Housing System.

⁴ Annual debt service on the 2005A Bonds for Fiscal Year 2006-07 is net of capitalized interest of \$932,604.

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Projected Pledged Revenues and Debt Service Coverage

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

Revenue projections for the existing facilities are based on rental rate increases of 5% per year and student occupancy rates of 97% for the fall and spring terms of each year with usage throughout the entire year. Operating expenses for the Housing System during the forecast period are based upon the University's past experience in operating the Housing System. Most expenses are projected to increase 3% annually. However, the annual increases for salaries and matching are projected at 1%, OPS at 2% and utilities at 5%.

The projected rental rate, upon opening in fall 2012 for the Wildwood Hall Phase II project is \$3,375 per semester, per bed. The rate projection is based on the current occupancy rate for a four single bedroom apartment rate with a slight increase for the design as a two single bedroom apartment facility with 5% increases until the year of completion. The projections are based on a 98% occupancy rate for fall and spring semesters and 88% occupancy for summer semesters, with usage throughout the entire year. It is estimated that first year revenue for the Wildwood Hall Phase II Project will be \$2,109,187 with operating costs of \$771,750.

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Debt Service Coverage from Projected Pledged Revenues ¹

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Operating Revenues	\$33,955,633	\$37,787,907	\$39,677,302	\$41,661,168	\$43,744,226
Less: Current Expenses	<u>16,162,922</u>	<u>17,321,224</u>	<u>17,769,193</u>	<u>18,534,883</u>	<u>17,940,356</u>
Net Operating Revenue	\$17,792,711	\$20,466,683	\$21,908,109	\$23,126,285	\$25,803,870
Plus: Investment Income	<u>360,000</u>	<u>400,000</u>	<u>400,000</u>	<u>450,000</u>	<u>450,000</u>
Pledged Revenues	<u>\$18,152,711</u>	<u>\$20,866,683</u>	<u>\$22,308,109</u>	<u>\$23,576,285</u>	<u>\$26,253,870</u>
Annual Debt Service					
1993 Bonds	\$185,550	\$186,500	\$187,300	\$182,950	\$183,600
2001 Bonds ²	422,308	-	-	-	-
2001A Bonds ²	1,185,920	-	-	-	-
2004A Bonds	1,473,619	1,477,469	1,478,744	1,473,263	1,476,138
2005A Bonds	4,887,650	4,883,900	4,888,500	4,886,750	4,885,500
2010A Bonds	1,156,325	1,151,825	1,152,200	1,152,325	1,151,188
2011A Bonds	<u>574,313</u>	<u>2,048,625</u>	<u>2,053,125</u>	<u>2,050,600</u>	<u>2,046,275</u>
Total Annual Debt Service ²	\$9,885,683	\$9,748,319	\$9,759,869	\$9,745,888	\$9,742,700
Maximum Annual Debt Service ³	\$9,885,683	\$9,759,869	\$9,759,869	\$9,748,438	\$9,748,438
Debt Service Coverage Ratios					
Total Annual Debt Service	1.84x	2.14x	2.29x	2.42x	2.69x
Maximum Annual Debt Service	1.84x	2.14x	2.29x	2.42x	2.69x

¹ Projections of revenues and expenses provided by the University, based upon assumptions discussed above.

² Excludes debt service of approximately \$675,000 in Fiscal Year 2011-12, \$2.3 million annually in Fiscal Years 2012-13 through 2029-30, and \$1.7 million in Fiscal Year 2030-31 for the Series 2001 and 2001A Bonds, which will be called for redemption upon the issuance of the 2011A Bonds.

³ Maximum Annual Debt Service, after issuance of the 2011A Bonds, is estimated to occur in Fiscal Year 2011-12, then in Fiscal Year 2013-14, and thereafter in Fiscal Year 2016-17.

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SCHEDULE OF ESTIMATED DEBT SERVICE

The table below shows the debt service on the Outstanding Bonds, as well as the estimated debt service on the 2011A Bonds and the estimated total debt service.

Fiscal Year	Outstanding	Estimated 2011A Bonds Debt Service ²			Total
Ending June 30	Bonds ¹	Principal	Interest	Total	Debt Service ²
2012	\$9,311,371	-	\$574,313	\$574,313	\$9,885,683
2013	7,699,694	\$900,000	1,148,625	2,048,625	9,748,319
2014	7,706,744	945,000	1,108,125	2,053,125	9,759,869
2015	7,695,288	985,000	1,065,600	2,050,600	9,745,888
2016	7,696,425	1,025,000	1,021,275	2,046,275	9,742,700
2017	7,703,288	1,070,000	975,150	2,045,150	9,748,438
2018	7,693,175	1,115,000	927,000	2,042,000	9,735,175
2019	7,689,275	1,165,000	876,825	2,041,825	9,731,100
2020	7,692,456	1,220,000	824,400	2,044,400	9,736,856
2021	7,687,081	1,275,000	769,500	2,044,500	9,731,581
2022	7,686,144	1,330,000	712,125	2,042,125	9,728,269
2023	7,508,894	1,390,000	652,275	2,042,275	9,551,169
2024	7,022,519	1,455,000	589,725	2,044,725	9,067,244
2025	7,020,706	1,515,000	524,250	2,039,250	9,059,956
2026	7,018,006	1,585,000	456,075	2,041,075	9,059,081
2027	6,157,481	1,655,000	384,750	2,039,750	8,197,231
2028	6,154,231	1,740,000	310,275	2,050,275	8,204,506
2029	6,162,031	1,810,000	231,975	2,041,975	8,204,006
2030	6,154,906	1,895,000	150,525	2,045,525	8,200,431
2031	6,153,081	1,450,000	65,250	1,515,250	7,668,331
2032	6,159,919	-	-	-	6,159,919
2033	6,155,338	-	-	-	6,155,338
2034	6,159,313	-	-	-	6,159,313
2035	5,175,894	-	-	-	5,175,894
2036	1,153,925	-	-	-	1,153,925
2037	1,155,463	-	-	-	1,155,463
2038	1,154,863	-	-	-	1,154,863
2039	1,152,125	-	-	-	1,152,125
2040	1,152,250	-	-	-	1,152,250
Total	\$175,031,883	\$25,525,000	\$13,368,038	\$38,893,038	\$213,924,921

Note: Totals may not add due to rounding.

¹ Excludes debt service of approximately \$675,000 in Fiscal Year 2011-12, \$2.3 million annually in Fiscal Years 2012-13 through 2029-30, and \$1.7 million in Fiscal Year 2030-31 for the Series 2001 and 2001A Bonds, which will be called for redemption upon the issuance of the 2011A Bonds.

² Preliminary, subject to change as provided in the Notice of Bond Sale.

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 2011A 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 2011A Bonds in order that interest on the 2011A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2011A Bonds to be included in federal gross income retroactive to the date of issuance of the 2011A 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 2011A 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 2011A Bonds.

In the opinion of Bond Counsel, assuming compliance with the aforementioned covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2011A Bonds is excluded from gross income of the holders thereof for purposes of federal income taxation. Interest on the 2011A 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 2011A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The 2011A 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 2011A Bonds. Prospective purchasers of 2011A Bonds should be aware that the ownership of 2011A 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 2011A Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on the 2011A Bonds, (iii) the inclusion of interest on the 2011A 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 2011A 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 2011A 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.

Tax Treatment of Bond Premium

Certain of the 2011A Bonds may be offered at prices in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a bond over the principal amount of the bond (other than for a bondholder who holds a bond as inventory, stock in trade, or for sale to customers in the ordinary course of business) is generally characterized as "bond premium." For federal income tax purposes, bond premium is amortized over the term of the bonds or to the first optional redemption date in the case of callable bonds. A bondholder will therefore be required to decrease his basis in the 2011A Bonds

by the amount of amortizable bond premium attributable to each taxable year such bondholder holds such 2011A 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 2011A 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 2011A Bonds.

Tax Treatment of Original Issue Discount

Certain of the 2011A Bonds may be offered and sold to the public at prices below their maturity amount. Under the Code, the difference between the maturity amounts of such 2011A 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 2011A Bonds of the same maturity was sold is "original issue discount." Original issue discount will accrue over the terms of such 2011A Bonds at a constant interest rate compounded periodically. A purchaser who acquires such 2011A 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 2011A Bonds, and will increase his adjusted basis in such 2011A Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such 2011A Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of such 2011A 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 2011A 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 2011A Bonds and with respect to the state and local tax consequences of owning and disposing of such 2011A Bonds.

Purchase, ownership or sale or disposition of the 2011A Bonds and the receipt of the interest thereon may have adverse federal tax consequences for certain individual and corporate bondholders. Prospective 2011A 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 Series 2011A 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 Series 2011A 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 Series 2011A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2011A Bonds. For example, certain legislation proposed by the President of the United States, which was introduced on September 13, 2011 as Senate Bill S-1549, contains a provision that would subject a portion of the interest on tax-exempt bonds (including the Series 2011A Bonds) held by taxpayers with incomes above certain thresholds to taxation for taxable years beginning after 2012. There can be no assurance that this legislation will be enacted, and if enacted, whether it will be enacted in its current form or in a modified form. If enacted into law, such legislation could affect the market price or marketability of the Series 2011A Bonds.

State Taxes

The 2011A 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 2011A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2011A Bonds for estate tax purposes.

The 2011A Bonds and the income therefrom are subject to the tax imposed by Chapter 220 on interest, income, or profits on debt obligations owned by corporations and other specified entities.

MISCELLANEOUS

Investment of Funds

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

Funds Held Pursuant to the Resolution - The Resolution directs the manner in which funds held in the various funds may be invested. At closing, the net proceeds of the 2011A Bonds will be deposited into a fund in the State Treasury of Florida. After collection, the Pledged Revenues are accounted for in 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, 2011, the ratio was approximately 54% internally managed funds, 32% externally managed funds, and 14% Certificates of Deposit and Security Lending. The total portfolio market value was \$20,646,352,705.79 on June 30, 2011.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of June 30, 2011, \$11.320 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. An additional \$6.356 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 investment policies. 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, although a portion (approximately \$2.7 billion) of such investments is managed internally by Treasury personnel.

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, negotiable certificates of deposit, 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, covered options, 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 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, 2011, the Board of Administration directed the investment/administration of 38 funds in over 450 portfolios.

As of June 30, 2011, the total market value of the FRS (Defined Benefit) Trust Fund was \$128,532,863,218. 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 37 designated funds other than the FRS (Defined Benefit) Trust Fund. As of June 30, 2011, the total market value of these funds equaled \$28,271,579,380. 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

Standard & Poor's Ratings Services and Fitch Ratings (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of AA- and AA, respectively, to the 2011A 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 State furnished to such Rating Agencies certain information and material in respect to the State and the 2011A 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 2011A 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 Municipal Corp. (AG Muni - formerly, Financial Security Assurance Inc.) - S&P/AA+, Moody's/Aa3; and MBIA Insurance Corporation - S&P/B, Moody's/B3. AG Muni has a negative outlook by Moody's and S&P. MBIA has a negative outlook by S&P and Moody's. Fitch has withdrawn its ratings for Financial Guaranty Insurance Company (FGIC), MBIA and AG Muni; Moody's and S&P have withdrawn their ratings for FGIC. 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 2011A 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 2011A Bonds or the proceedings and authority under which the 2011A 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 effect on the issuance and delivery of the 2011A 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 2011A 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 2011A 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 I.

Continuing Disclosure

The Board and the University will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2011A 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 H, 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 to make any disclosures required by Rule 15c2-12.

Underwriting

_____ (the “Underwriters”) have agreed to purchase the 2011A Bonds at an aggregate purchase price of \$_____ (which represents the par amount of the 2011A Bonds [plus][less] an original issue [premium] [discount] of \$_____ and minus the Underwriters’ discount of \$_____). The Underwriters may offer and sell the 2011A Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover.

Execution of Official Statement

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

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

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

J. BEN WATKINS III
Director
Division of Bond Finance

BOARD OF GOVERNORS

AVA L. PARKER
Chair

DEFINITIONS

“2011A Bonds” means the \$ _____ State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2011A, authorized by the Eleventh Supplemental Resolution.

“Additional Parity Bonds” means any obligations issued after the first Series of Bonds 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 therewith), 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 Housing System and which is secured by the revenue of such housing facility.

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

“Amortization Installment” means an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to a 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 Requirement” means, at any time, the amount of money required to pay the interest, principal and Amortization Installment in each Fiscal Year, provided that any interest, principal, or Amortization Installment payable on May 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“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.

“Board of Administration” means the State Board of Administration of Florida, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution and Chapter 215, Florida Statutes.

“Bond Amortization Account” means the account within the Sinking Fund created pursuant to Section 4.02(B) of the Original Resolution.

“Bond Insurance Policy” means an insurance policy issued for the benefit of the Registered Owners of any Bond, pursuant to which the issuer of such insurance policy will be obligated to pay when due the principal of and interest on such Bond 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” means U.S. Bank Trust National Association, New York, New York, and its successors.

“Bonds” means the Outstanding Bonds, the 2011A Bonds and any Additional Parity Bonds issued in accordance with Section 5.01 of the Original Resolution.

“Building Maintenance and Equipment Reserve Fund” means the fund required to be created pursuant to Section 4.02(C) of the Original Resolution.

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

“Completion Bonds” means those Bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2011A Project.

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

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

“Division of Bond Finance” means the Division of Bond Finance of the State Board of Administration of Florida.

“Eleventh Supplemental Resolution” means a resolution adopted September 20, 2011 by the Governing Board of the Division of Bond Finance authorizing the issuance and sale of not exceeding \$33,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds.

“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.

“Housing System” means the student living facilities of the University which are hereby defined as and shall include the following:

(1) The University's existing residence halls and apartments located in Tallahassee, Leon County, Florida on the campus of the University including the following facilities: Broward Hall, Bryan Hall, Cawthon Hall, Degraff Hall, Deviney Hall, Dorman Hall, Gilchrist Hall, Jennie Murphree Hall, Kellum Hall, Landis Hall, McCollum Hall, Reynolds Hall, Salley Hall, Smith Hall, Sherrill Williams Ragans Hall and Wildwood Hall; and

(2) such additional housing facilities as at some future date may be added to the Housing System.

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

“Interest Payment Date” means, for each Series of Bonds, the dates of each Fiscal Year on which interest on the Outstanding Bonds of such Series is payable, as provided for pursuant to a subsequent resolution of the Division of Bond Finance.

“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 subaccount 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 subaccount 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 on November 17, 1992 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended and restated on July 25, 2000, and as further amended on October 28, 2003.

“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 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;

(iv) For purposes of any consent or other action to be taken hereunder by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division of Bond Finance or the Board; and

(v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

“Outstanding Bonds” means the Outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993 and 2001, the Outstanding State of Florida, Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A, the Outstanding State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A and 2005A, and the Outstanding State of Florida, Board of Governors, Florida State University Dormitory Revenue Bonds, Series 2010A.

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

“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 provided for pursuant to a subsequent resolution of the Division of Bond Finance.

“Rating Agency” means a nationally recognized bond rating agency.

“Rebate Amount” shall have the meaning ascribed to that term in Section 6.04 of the Original Resolution.

“Rebate Fund” means the Rebate Fund created and established pursuant to Section 6.04 of the Original Resolution.

“Rebate Year” means, with respect to each Series of Bonds, (i) the twelve-month period commencing on the anniversary of the “closing date” 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 shall commence on the “closing date” and the final Rebate Year shall end on the date of final maturity or early redemption 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 the date of delivery of Bonds to the original purchaser thereof.

“Record Date” means with respect to each Series of Bonds, the 15th day of the calendar month next preceding the month of an Interest Payment Date.

“Registered Owner” means any person who shall be the registered owner of any Bonds.

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

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

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

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

“Reserve Requirement” or **“Debt Service Reserve Requirement”** means, as of any date of calculation for a particular debt service reserve subaccount within the Sinking Fund, an amount to be determined pursuant to resolution of the Governing Board, which amount shall not exceed the lesser of (1) the Maximum Annual Debt Service on the Bonds secured by such subaccount, (2) 125% of the average annual debt service of the Bonds secured by such subaccount, (3) 10% of the par amount of the Bonds secured by such subaccount, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations under the U.S. Internal Revenue Code of 1986, as amended, with respect to the Bonds secured by such subaccount.

“Resolution” means the Original Resolution and the Tenth Supplemental Resolution.

“Revenue Fund” means the Florida State University Housing System Revenue Fund created and established pursuant to Section 4.02 of the Original Resolution.

“Serial Bonds” means the Bonds of a Series which shall be stated to mature in periodic installments.

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

“Sinking Fund” means the Florida State University Housing System Sinking Fund created and established pursuant to Section 4.02(B) of the Original Resolution.

“State” means the State of Florida.

“Term Bonds” means the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Bond Amortization Account in the Sinking Fund, created by the Original Resolution, as may be provided pursuant to a subsequent resolution of the Division of Bond Finance.

“University” means the Florida State University.

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

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,500,000 STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA STATE UNIVERSITY HOUSING REVENUE BONDS, SERIES 1993, TO FINANCE RENOVATIONS AND IMPROVEMENTS TO DORMITORY FACILITIES AT THE FLORIDA STATE UNIVERSITY; 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 BOARD OF ADMINISTRATION ON BEHALF OF AND IN THE NAME OF THE BOARD OF REGENTS OF THE DIVISION OF UNIVERSITIES OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION.

**ARTICLE I
DEFINITIONS, AUTHORITY AND FINDINGS**

SECTION 1.01. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

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

“Additional Parity Bonds” shall mean any obligations hereafter issued pursuant to the terms and conditions of this Resolution and payable from the Pledged Revenues on a parity with the 1993 Bonds originally issued hereunder. Such Additional Parity Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Bonds originally authorized and issued pursuant to this Resolution, and all of the applicable covenants and other provisions of this 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 this Resolution, and the Registered Owners of any Additional Parity Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with this 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 Bond 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 Housing System and which is secured by the revenues of such housing facility.

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

“Amortization Installment” shall mean an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to a 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 Requirement” shall mean, at any time, the amount of money required to pay the interest, principal and Amortization Installment in each Fiscal Year, provided that any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“Auditor General” shall mean the Auditor General of the State of Florida.

“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” 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 Sinking Fund created pursuant to Section 4.02(B) of this Resolution.

“Bond Insurance Policy” shall mean an insurance policy issued for the benefit of the Registered Owners of any Bonds, pursuant to which the issuer of such insurance policy shall be obligated to pay when due the principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts held under this Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

“Bond Registrar/Paying Agent” shall mean State Street Bank and Trust Company, N.A., New York, New York, or its successor.

“Bonds” shall mean the 1993 Bonds and any Additional Parity Bonds issued in accordance with Section 5.01 hereof.

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

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

“Completion Bonds” shall mean those Bonds issued pursuant to Section 5.04 of this Resolution to pay the cost of completing the 1993 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 or the University incident to the operation of the Housing System as expanded by the terms of this Resolution, but shall exclude depreciation, all general administrative expenses of the Board of Regents or the University, the expenses of operation of auxiliary facilities the revenues of which are not pledged as security for the Bonds and the payments into the Building Maintenance and Equipment Reserve Fund hereinafter provided for.

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

“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.

“Governing Board” shall mean the Governor and Cabinet of the State of Florida as the governing board of the Division of Bond Finance.

“Housing System” shall mean the student living facilities of the University which are hereby defined as and shall include the following:

(1) The University's existing residence halls and apartments located in Tallahassee, Leon County, Florida on the Tallahassee campus of the University including the following facilities: Broward Hall, Cawthon Hall, Degraff Hall, Deviney Hall, Dorman Hall, Gilchrist Hall, Jennie Murphree Hall, Kellum Hall, Landis Hall, Reynolds Hall, Salley Hall and Smith Hall;

(2) such additional housing facilities as at some future date may be added to the Housing System.

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

“Interest Payment Date” shall mean, for each Series of Bonds, such dates of each Fiscal Year on which interest on the Outstanding Bonds of such Series is payable, as set forth pursuant to a subsequent resolution of the Division of Bond Finance.

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

“1993 Bonds” shall mean the not to exceed \$3,500,000 State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993.

“1993 Project” shall mean the following facilities as previously approved by the Board of Regents and the Legislature, and subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Regents, and is more specifically described as follows:

The renovation and improvement of a dormitory to house up to 336 students.

“1993 Project Construction Fund” shall mean a trust fund in which shall be deposited the net proceeds of the 1993 Bonds and other available moneys for the construction of the 1993 Project.

“Original Resolution” shall mean this resolution, adopted on November 17, 1992 by the Governor and Cabinet as the Governing board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended and as restated on July 25, 2000.

“Outstanding” shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore cancelled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;

(ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided herein;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser; and

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

“Pledged Revenues” shall mean the Housing System Revenues after deducting the Administrative Expenses, the Current Expenses and the Rebate Amount, if any.

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

“Project Costs” shall mean the actual costs of the 1993 Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 1993 Project; interest on the Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architect and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Regents necessary to the construction and placing in operation of the 1993 Project and the financing thereof.

“Rating Agency” shall mean a nationally recognized bond rating agency.

“Rebate Amount” shall have the meaning ascribed to that term in Section 6.04 of this Resolution.

“Rebate Fund” shall mean the Rebate Fund created and established pursuant to Section 6.04 of this Resolution.

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

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

“Registered Owner” shall mean any person who shall be the registered owner of any Bonds.

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

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

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

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

“Reserve Requirement” or “Debt Service Reserve Requirement” shall mean, as of any date of calculation for a particular debt service reserve subaccount, an amount to be determined by the Director of the Division, which amount shall not exceed the lesser of (1) the Maximum Annual Debt Service requirement on the Bonds secured by such subaccount, (2) 125% of the average annual debt service of the Bonds secured by such subaccount, (3) 10% of the par amount of the Bonds secured by such subaccount, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations under the U.S. Internal Revenue Code of 1986, as amended, with respect to the Bonds 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 Bonds.

“Revenue Fund” shall mean the Florida State University Housing Revenue Fund created and established pursuant to Section 4.02 of this Resolution.

“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.

“Sinking Fund” shall mean the Florida State University Housing System Sinking Fund created and established pursuant to Section 4.02(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 Sinking Fund, hereinafter created, as may be provided pursuant to a subsequent resolution of the Division of Bond Finance.

“University” shall mean The Florida State University.

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

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; Chapters 240 and 243, Florida Statutes, and other applicable provisions of law.

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

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

(B) The construction of the 1993 Project at the University is necessary, desirable and in the best interest of the University.

(C) The Board of Regents has adopted a resolution on September 19, 1991 requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Board of Regents, Florida State University Housing Revenue Bonds, Series 1993.

(D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 1993 Project.

(E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the 1993 Bonds on behalf of the Board of Regents to finance the 1993 Project.

(F) The 1993 Project shall be the renovation and improvement of a dormitory substantially in accordance with the plans and specifications as may be approved by the Board of Regents from time to time.

(G) As required by Article VII, Section 11(e) of the Florida Constitution, the Florida Legislature approved the 1993 Project in Section 5 of Chapter 92-293, Laws of Florida.

(H) The principal of and interest on the Bonds to be issued pursuant to this Resolution, and all of the reserve, sinking fund and other payments provided for herein, will be payable solely from the revenues accruing to and to be received by the Board of Regents or the University in the manner provided by this Resolution, consisting of the Pledged Revenues as hereinafter defined.

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

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

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

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the 1993 Bonds by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board of Regents, the University and such Registered Owners. The covenants and agreements to be performed by the Board of Regents and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the 1993 Bonds, as defined herein, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, TRANSFER AND ISSUANCE OF BONDS

SECTION 2.01. AUTHORIZATION OF 1993 BONDS. Subject and pursuant to the provisions of this Resolution, fully registered revenue bonds of the Board of Regents of the Division of Universities of the State of Florida Department of Education to be known as "State of Florida, Board of Regents, Florida State University Housing Revenue Bonds, Series 1993", 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 Three Million Five Hundred Thousand Dollars (\$3,500,000), for the purpose of financing the construction and equipping of the 1993 Project as described herein.

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

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

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

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

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

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

Unless waived by any Registered Owner 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 (30) days prior to the date of redemption to the Registered Owner of the Bonds to be redeemed, of record on the books of the Bond Registrar, as of forty-five days prior to the date of redemption. Such notice of redemption shall specify the serial or other distinctive numbers or letters of the 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 to give any such notice by mailing to any Registered Owner of Bonds, 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 Registered Owner of such Bond receives such notice.

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

Notice having been given in the manner and under the conditions hereinabove provided, the 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 given and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board of Administration, or the Bond Registrar/Paying Agent, in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in this 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 Outstanding under the provisions of this Resolution and shall not be entitled to any lien, benefit or security under this Resolution, and the Registered Owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for the payment thereof and, to the extent provided herein to receive Bonds for any unredeemed portion of the Bonds. Any and all Bonds redeemed prior to maturity shall be duly cancelled by the Bond Registrar/Paying Agent and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar/Paying Agent as set out below, but no defect in said further notice nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all 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, 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 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.

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

In case part but not all of an Outstanding Bond shall be selected for redemption, the Registered Owner 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 Registered Owner, 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 2.06. EXECUTION OF BONDS. The Bonds shall be executed in the name of the Board of Regents by its Chairman and attested to by its Vice-Chairman, or such other member of the Board of Regents as may be designated pursuant to subsequent resolution of the Governing Board of the Division of Bond Finance, and the corporate seal of the Board of Regents or a facsimile thereof shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the 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 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 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Board of Regents by such person as to the actual time of the execution of such Bond shall hold the proper office, although at the date of such 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 Bonds pursuant to the provisions of the State Bond Act, in the form provided herein, shall be executed by the facsimile signature of the Comptroller of the State of Florida, as Secretary of the Governing Board of the Division of Bond Finance.

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

SECTION 2.08. REGISTRATION AND TRANSFER. The Bonds shall be issued only as fully registered bonds without coupons. The Bond Registrar/Paying Agent shall be responsible for maintaining the books for the registration of and for the transfer of the Bonds in compliance with its agreement with the State.

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

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

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

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

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

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

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

SECTION 2.10. DISPOSITION OF BONDS PAID OR EXCHANGED. Whenever any Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall either be cancelled and retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division of Bond Finance or the Board of Administration, or, at the option of the Division of Bond Finance or the Board of Administration, shall be cancelled and destroyed by the Bond Registrar/Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division of Bond Finance or the Board of Administration.

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

Any such duplicate Bond issued pursuant to this Section 2.11 shall constitute original, additional, contractual obligations on the part of the Board of Regents, whether or not the lost, stolen or destroyed Bond be at any time found by anyone and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien, source and security for payment, pursuant to this Resolution from the Pledged Revenues.

SECTION 2.12. FORM OF BONDS. The text of the 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
FLORIDA STATE UNIVERSITY
HOUSING REVENUE BONDS
SERIES 1993**

MATURITY DATE _____

INTEREST RATE _____ %

DATED DATE _____

REGISTERED OWNER _____

PRINCIPAL AMOUNT _____ DOLLARS

THE BOARD OF REGENTS OF THE DIVISION OF UNIVERSITIES OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION, a public body corporate (hereinafter referred to as the "Board of Regents"), for value received, hereby promises to pay to the Registered Owner or registered assigns from the special funds hereinafter described on the Maturity Date, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof at the principal corporate trust office of Citibank, N.A., New York, New York, as Bond Registrar/Paying Agent, the Principal Amount shown above and to pay to the Registered Owner hereof, solely from such special funds, by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) to such Registered Owner at his address as it appears at 5:00 p.m. (local time, New York, New York) on the Record Date, on the registration books kept by the Bond Registrar/Paying Agent under this Resolution hereinafter referred to, interest on such Principal Amount from the date hereof or from the most recent interest payment date to which interest has been paid, whichever is applicable, at the rate per annum specified above until the payment of said Principal Amount, such interest being payable on the first day of _____ and the first day of _____ in each year. The Record Date for the _____ payment is _____ 15, and the Record Date for the _____ payment is _____ 15. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) issued for the purpose of financing part of the cost of the construction of the 1993 Project, as defined in the Resolution, at the Florida State University, and purposes necessary therefor or appurtenant thereto (hereinafter referred to as "1993 Project"), to be operated and maintained by the Florida State University, 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, and Chapters 240 and 243, Florida Statutes, and other applicable provisions of law, and a Resolution duly adopted by the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance, on the ____th day of _____, 199_ (herein referred to as the "Resolution"), and is subject to all the terms and conditions of said Resolution.

(Insert redemption provisions)

This Bond is secured by a lien upon and is payable solely from Pledged Revenues, consisting of revenues derived from operation of the Housing System, after providing for Administrative Expenses, Current Expenses and the Rebate Amount, if any.

THIS BOND DOES NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE STATE OF FLORIDA OR ANY OF ITS AGENCIES AND SHALL NOT BE A DEBT OF THE STATE OR OF ANY AGENCY, AND THE FULL FAITH AND CREDIT OF THE STATE IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. THE ISSUANCE OF THIS BOND DOES NOT, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OF FLORIDA TO USE STATE FUNDS OTHER THAN THE PLEDGED REVENUES, TO LEVY, TO PLEDGE ANY FORM OF TAXATION WHATSOEVER OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT.

This Bond is a revenue bond within the meaning of Article VII, Section 11(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 - Investments Securities Law of the State of Florida. The original Registered Owner and each successive Registered Owner 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 - Investments Securities Law of the State of Florida.

This Bond may be transferred only upon the books kept by the Bond Registrar/Paying Agent under the Resolution upon surrender thereof at the principal corporate trust office of the Bond Registrar/Paying Agent 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/Paying Agent 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 bond or 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.

IN WITNESS WHEREOF, the Division of Bond Finance has issued this Bond on behalf of the Board of Regents and has caused the same to be signed by the Chairman of the Board of Regents or to be executed with his facsimile signature, and the corporate seal of the Board of Regents to be affixed hereto or imprinted hereon, attested by the Vice-Chairman of the Board of Regents with his manual or facsimile signature, all as of the first (1st) day of _____, 199_.

STATE BOARD OF REGENTS

ATTEST: _____
Vice-Chairman

Chairman

BOND REGISTRAR/PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

AS BOND REGISTRAR/PAYING AGENT

By _____
Authorized Signature

Date of Authentication

APPROVAL CERTIFICATE OF THE DIVISION OF BOND FINANCE

The issuance of this Bond has been approved under the provisions of the State Bond Act, comprising Sections 215.57 through 215.83, Florida Statutes, by the governing board of the Division of Bond Finance.

DIVISION OF BOND FINANCE OF THE
STATE BOARD OF ADMINISTRATION

BY _____
GERALD LEWIS, Comptroller of
the State of Florida as Secretary of the
Governing Board of the Division of
Bond Finance of the State Board of
Administration

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which was validated and confirmed by Judgment of the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, rendered on _____, 199_.

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

ASSIGNMENT

For value received, the undersigned _____ sells, assigns and transfers to _____

PLEASE INSERT SOCIAL SECURITY OR OTHER TAXPAYER IDENTIFICATION
NUMBER OF TRANSFEREE

the within Bond, and does hereby irrevocably constitute and appoint the Bond Registrar/Paying Agent as his agent, to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

Signature Guaranteed:

(Bank, Trust Company or Firm)

Notice: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(Authorized Signature)

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in ever particular, without alteration, enlargement or any change whatever, and the Social Security Number or federal employer identification must be supplied.

ARTICLE III

APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 1993 PROJECT. The Board of Regents is authorized to construct the 1993 Project from the proceeds of the sale of the 1993 Bonds and other legally available funds, subject to the provisions of this Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF 1993 BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the 1993 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 1993 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 1993 Bond proceeds as follows:

(1) An amount which together with other moneys available therefor and on deposit in the Reserve Account is equal to the Debt Service Reserve Requirement, shall be transferred to the Board of Administration and deposited in the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division of Bond Finance, as provided in Section 4.02(B), may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit in the applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited in the Sinking Fund, created by this Resolution, and used for the payment of interest on the 1993 Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the 1993 Bonds shall be transferred to and deposited in the 1993 Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 1993 Project Construction Fund, after a consulting architect shall certify that the 1993 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 1993 Bonds, the Board of Regents covenants that it will deposit in the 1993 Project Construction Fund additional funds legally available for such purpose which, together with the proceeds of the 1993 Bonds, will be sufficient to finance the total 1993 Project Costs. Any such additional funds, other than the proceeds of the 1993 Bonds or Completion Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the Bonds issued pursuant to this Resolution.

All moneys in said 1993 Project Construction Fund, or in any other construction fund hereafter created for any project hereafter financed in whole or in part from the proceeds of Additional Parity 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 Registered Owners of 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 1993 PROJECT CONSTRUCTION FUND. Any moneys in the 1993 Construction Fund not immediately needed for the purposes provided in this Resolution, may be temporarily invested and reinvested as provided in Section 18.10, Florida Statutes.

ARTICLE IV

APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES

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

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

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

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

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

(i) for payment of the Administrative Expenses;

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

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

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

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Board of Regents may at any time cause to be deposited into one or more sub-accounts in the Reserve Account, a Reserve Account Credit Facility for the benefit of the Registered Owner for which such sub-account has been established, in an amount which, together with sums on deposit, equals the Debt Service Reserve Requirement. The Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be, on or before any Interest Payment Date or Principal Payment Date on which a deficiency exists which cannot be cured by funds in any other account held for such Bonds pursuant to this Resolution and available for such purpose. In no event shall the use of such Reserve Account Credit Facility be permitted if it would cause, at the time of acquisition of such Reserve Account Credit Facility, an impairment in any existing rating on the Bonds or any Series of Bonds. If a disbursement is made under the Reserve Account Credit Facility, the Board of Regents shall be obligated, from the first Pledged Revenues available, to either reinstate such Reserve Account Credit Facility, immediately following such disbursement to the amount required to be maintained in the Reserve Account or to deposit into the applicable sub-account in the Reserve Account from the Pledged Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility plus any amounts required to reimburse the Reserve Account Credit Facility provider for previous disbursements made pursuant to such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the amount required to be maintained.

In the event that any moneys shall be withdrawn by the Board of Administration from the Reserve Account for the payment of interest, principal or Amortization Installments, such withdrawals shall be subsequently restored from the first Pledged Revenues available after all required payments have been made as provided in paragraph (ii) of this section, including any

deficiencies for prior payments, unless restored by a reinstatement under a Reserve Account Credit Facility of the amount withdrawn.

Moneys in the Reserve Account shall be used only when the other moneys in the Sinking Fund available for such purpose are insufficient therefor.

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

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

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

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

The moneys in said Building Maintenance and Equipment Reserve Fund may be drawn on and used by the Board of Regents or the University for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the equipment not paid as part of the ordinary and normal expense of the operation and maintenance of said 1993 Project.

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

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

1. Optional redemption or purchase of Bonds; or
2. Any lawful purpose of the University.

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

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

Except insofar as such funds may be needed for any payment required to be made by the terms of this Resolution or the Bonds, moneys in any of the funds authorized or required by this Resolution may be invested and reinvested at any time as provided by Section 18.10, Florida Statutes. When so invested or reinvested, the interest income derived from the investment or reinvestment of such obligations shall be deposited in the Revenue Fund and used for the purposes therein. The proceeds derived from the investment or reinvestment of such obligations shall be held for and credited to the fund for which said

obligations were purchased except as otherwise provided in this Resolution; provided, however, that any such obligations purchased as investments for moneys in the Sinking Fund shall mature not later than the dates upon which such moneys will be needed for the payment of maturing principal and interest to be paid from said Sinking Fund.

ARTICLE V

ADDITIONAL PARITY BONDS AND REFUNDING REQUIREMENTS

SECTION 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS. The Division of Bond Finance is authorized to issue Additional Parity Bonds after the issuance of the 1993 Bonds authorized by this Resolution, but only upon the following terms, restrictions and conditions:

(A) The proceeds from such Additional Parity Bonds shall be used to acquire and construct capital additions or improvements to the Housing System.

(B) All previously authorized certificates or bonds shall have been issued and delivered, or authority for the issuance and delivery of any unissued portion thereof shall have been cancelled.

(C) The Board of Regents shall authorize the issuance of such Additional Parity Bonds.

(D) The Board of Administration shall approve the fiscal sufficiency of such Additional Parity Bonds.

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

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

(2) the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Bonds then proposed to be issued.

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

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

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

(a) If the Board of Regents or the University, prior to the issuance of the proposed Additional Parity Bonds, shall have increased the rates, fees, rentals or other charges for the services or facilities 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 or facilities of the Housing System had been in effect during all of such two preceding Fiscal Years.

(b) If the Board of Regents or the University shall have acquired or has contracted to acquire, or desires to add any housing facility to the Housing System, 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 or other appropriate State official, shall be increased by adding to the Pledged Revenues for said two preceding Fiscal Years the net revenues which would have been derived from the 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 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. The revenues from such facilities may also be adjusted for any increase in rates as though they had been in effect during all of such two preceding Fiscal Years.

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

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

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division of Bond Finance covenants that it will not issue any other obligations, except Additional Parity Bonds provided for in Section 5.01 hereof, refunding Bonds provided for in Section 5.02 hereof, or Completion Bonds provided for in Section 5.04 hereof, payable from the Pledged Revenues nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds issued pursuant to this Resolution, upon the Pledged Revenues securing the Bonds provided for in this Resolution. Any such other obligations hereafter issued by the Board of Regents, in addition to the Bonds authorized by this Resolution and such Additional Parity Bonds and parity refunding bonds or Completion Bonds provided for in Sections 5.01, 5.02, or 5.04 hereof, shall contain an express statement that such obligations are junior and subordinate to the Bonds issued pursuant to this Resolution, and any Additional Parity Bonds thereafter issued, as to lien on and source and security for payment from such Pledged Revenues.

SECTION 5.04. COMPLETION BONDS. The Board of Regents and the Division of Bond Finance need not comply with Section 5.01 of this Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 1993 Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 1993 Project at the time of the original issuance of the 1993 Bonds.

ARTICLE VI

COVENANTS

SECTION 6.01. PLEDGE OF PLEDGED REVENUES. The Board of Regents hereby covenants and agrees with the Registered Owners of 1993 Bonds that, so long as any of the Bonds, or interest thereon, are Outstanding and unpaid, all of the Pledged Revenues provided for in this Resolution shall be pledged to the payment of the principal of and interest on the Bonds and the payment of Rebate Amounts, if any, in the manner provided in this Resolution and the Registered Owners of the Bonds shall have a valid and enforceable senior lien on such Pledged Revenues in the manner provided herein.

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

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

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

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

(D) That it will continue to collect the fines, fees, rentals and other amounts charged all students, faculty members and tenants of the facilities of the Housing System.

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

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

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

SECTION 6.04. COMPLIANCE WITH TAX REQUIREMENTS: REBATE FUND. (A) In addition to any other requirement contained in this Resolution, the Division of Bond Finance, the Board of Regents, and the Board of Administration hereby covenant and agree, for the benefit of the Registered Owners from time to time of the Bonds, that each will comply with the requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder (the "Code") as shall be set forth in the non-arbitrage certificate of the Board of Regents dated and delivered on the date of original issuance and delivery of each series of Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division of Bond Finance and Board of Regents covenant and agree:

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

(ii) to maintain and retain or cause to be maintained and retained all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(iii) to refrain from using proceeds from the Bonds in a manner that might cause the Bonds or any of them, to be classified as private activity bonds under Section 141(a) of the Code; and

(iv) to refrain from taking any action that would cause the Bonds, or any of them to become arbitrage bonds under Section 148 of the Code.

The Board of Regents, the Division of Bond Finance and the Board of Administration understand that the foregoing covenants impose continuing obligations that will exist throughout the term of the issue to comply with the requirements of the Code.

(B) The Division of Bond Finance and Board of Regents covenant and agree that they shall maintain and retain or cause to be maintained and retained all records pertaining to and they shall be responsible for making and having made all determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder for each Rebate Year within thirty (30) days after the end of such Rebate Year and within thirty (30) days after the final maturity of each such Series of Bonds. On or before the expiration of each such thirty (30) day period, the Board of Regents shall deposit or direct the Board of

Administration to deposit into the Rebate Fund which is hereby created and established in the Board of Administration, from investment earnings or moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Board 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 Fund only for the payment of the Rebate Amount to the United States as required by subsection (A) of this section, and as directed by the Board of Regents, which payments shall be made in installments, commencing not more than thirty (30) days after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due except that the final payment shall be made within thirty (30) days after the final maturity of the last obligation of the Series of Bonds issued hereunder. In complying with the foregoing, the Division of Bond Finance and the Board of Regents may rely upon any instructions or opinions from a nationally recognized bond/tax counsel.

Notwithstanding anything in this Resolution to the contrary, to the extent moneys on deposit in the Rebate Fund are insufficient for the purpose of paying the Rebate Amount and other funds of the Board of Regents are not available to pay the Rebate Amount, then the Board of Administration shall pay the Rebate Amount first from Pledged Revenues and, to the extent the Pledged Revenues be insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder.

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

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

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

The Division of Bond Finance, the Board of Administration, and the Board of Regents shall not be required to continue to comply with the requirements of this section in the event that the Division of Bond Finance and the Board of Administration receive an opinion of nationally recognized bond/tax counsel that (i) such compliance is no longer required in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate, or in the event that any other agency is subsequently designated by proper authority to comply with the requirements of this section.

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

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

ARTICLE VII

REMEDIES

SECTION 7.01. ENFORCEABILITY BY REGISTERED OWNERS. (A) This Resolution, including the pledge of the Pledged Revenues, shall be deemed to have been made for the benefit of the Registered Owners from time to time of the Bonds, as defined herein, and that such pledge and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner or Owners of such Bonds, against either the Board of Regents or the Board of Administration or any other agency of the State, or instrumentality thereof having any duties concerning collection, administration and disposition of the Pledged Revenues. The Board of Regents does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Registered Owner or Owners of the Bonds for the enforcement of all provisions of this

Resolution and does hereby waive, to the extent permitted by law, any privilege or immunity from suit which it may now or hereafter have as an agency of the State. However, no covenant or agreement contained in this Resolution or any Bond issued pursuant hereto shall be deemed to be the covenant or agreement of any officer or employee of the State in his or her or individual capacity, and neither the officers nor employees of the State nor any official executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(B) Any Registered Owner of the Bonds, or any trustee acting for the Registered Owners of such Bonds, may by civil action in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, and by any applicable Statutes, to be performed by the Division of Bond Finance, the Board of Regents, the University, or the Board of Administration, or by any officer thereof, including the payment of the Pledged Revenues payable under this Resolution. Nothing herein, however, shall be construed to grant to any Registered Owner of the Bonds any lien on the Housing System or any other facility or funds of the University, or the Board of Regents, or the Division of Bond Finance.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. RESOLUTION NOT ASSIGNABLE. This Resolution shall not be assignable by the Division of Bond Finance or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board of Regents may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the Board of Regents, to the extent that any such lease would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 8.02. MODIFICATION OR AMENDMENT. Except as otherwise provided in the second and third paragraph hereof, no material modification or amendment of this Resolution, or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Registered Owners 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 Registered Owners of more than fifty percent in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affecting the promise to pay the interest of and principal on the Bonds, as the same mature or become due, or reduce the percentage of Registered Owners of Bonds required above for such modification or amendments, without the consent of the Registered Owners of all the Bonds.

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

The Resolution may be amended, changed, modified and altered without the consent of the Registered Owners of Bonds, (i) to cure any defect, omission, conflict, or ambiguity in this Resolution or between the terms and provisions hereof and any other document executed or delivered herewith, (ii) to provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds including, but not limited to, Capital Appreciation Bonds, and any other Bonds which may be issued hereunder, which will not adversely affect the interest of such Registered Owners, (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond/tax counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds, (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency, (v) to add to the covenants and agreements of the Division of Bond Finance or the Board of Regents in this Resolution, other covenants and agreements to be observed by the Division of Bond Finance or the Board of Regents which are not contrary to or inconsistent with this Resolution as theretofore in effect, (vi) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Division of Bond Finance or the Board of Regents which are not contrary to or inconsistent with this Resolution as theretofore in effect, (vii) to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualifications of the Bonds for sale under the securities laws of any of the states of the United States of America, (viii) to enable the Division of Bond Finance and the Board of Regents to comply with their covenants, agreements and obligations under Section 6.04 hereof, (ix) to specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Resolution and which shall not adversely affect

the interests of the Registered Owners, (x) to amend or modify any provisions of this Resolution so long as such amendment or modification does not adversely affect the interests of the Registered Owners, (xi) to add any housing facility to the Housing System as long as the provisions of this Resolution are complied with, and (xii) to make any other amendments to this Resolution necessary to conform this Resolution to the loan agreement between the University and the United States Department of Education.

SECTION 8.03. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall be deemed separable from the remaining covenants or provisions of this Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder.

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

The Bonds shall be revenue bonds, within the meaning of Section 11(d) of Article VII of the Florida Constitution, and shall be payable solely from funds derived directly from sources other than State tax revenues.

SECTION 8.05. NONPRESENTMENT OF BONDS: FUNDS HELD FOR BONDS AFTER DUE DATE OF BONDS. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Board of Administration for the benefit of the Registered Owner thereof, all liability of the Board of Regents to the Registered Owner 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 Registered Owner of such Bonds, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. Any such funds held by the Board of Administration for the Registered Owners of such Bonds for seven years after the principal or Accreted Value of the respective Bonds for which such funds have been so set aside has become due and payable and remaining (whether at maturity or upon redemption or otherwise) shall be subject to the laws of the State of Florida relating to disposition of unclaimed property, and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished.

SECTION 8.06. DEFEASANCE. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

(A) By paying the principal of and interest on Bonds when the same shall become due and payable; or

(B) By depositing with the Board of Administration, certain moneys which are irrevocably pledged to the payment of the Bonds and which, together with other moneys lawfully available therefor, shall be sufficient at the time of such deposit to pay when due the principal, redemption premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof; or

(C) By depositing with the Board of Administration, moneys which are irrevocably pledged to the payment of the Bonds and which, together with other moneys lawfully available therefor when invested in Defeasance Obligations, will provide moneys (principal and interest thereof at maturity) which shall be sufficient to pay the principal, redemption premium, if any, and interest due and to become due on said Bonds on or prior to a date fixed for redemption or the maturity date thereof. Upon such payment or deposit in the amount and manner provided in this section, Bonds shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Resolution and all liability of the Board of Regents or Division of Bond Finance with respect to said Bonds shall cease, terminate and be completely discharged and extinguished, and the Registered Owners thereof shall be entitled for payment solely out of the moneys or securities so deposited.

(D) Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any Series of Bonds, any portion of any Series of Bonds, any maturity or maturities of any Series of Bonds, any portion of a maturity of any Series of Bonds or any combination thereof.

(E) If any portion of the moneys deposited for the payment of the principal of and redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the Board of Regents or the Board of Administration may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

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

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

SECTION 8.08. BOND ANTICIPATION NOTES. Notwithstanding any other provision of this Resolution, if the Division of Bond Finance shall deem it advisable, short-term obligations (hereinafter "Notes") are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Regents in anticipation of the sale and delivery of 1993 Bonds. The Notes shall be payable from the proceeds received from the sale of the 1993 Bonds and, in the interim, from the Pledged Revenues. The Notes may be issued in such denomination or denominations, in the aggregate principal amount (not to exceed \$3,500,000), in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five (5) years from the date of issue) and may be subject to such conditions and terms as the Division of Bond Finance shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Division of Bond Finance adopted at or before sale of the Notes, in accordance with Section 215.68(7), Florida Statutes.

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

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

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

SECTION 8.11. FISCAL AGENT. Upon sale and delivery of the 1993 Bonds by the Division of Bond Finance on behalf of the Board of Regents, the Board of Administration shall act as the fiscal agent for the Board of Regents with respect to the 1993 Bonds.

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

SECTION 8.13. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the 1993 Bonds, pursuant to Chapter 75, Florida Statutes.

SECTION 8.14. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

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

ADOPTED on November 17, 1992, as amended on January 26, 1993, July 23, 1996 and July 25, 2000, and as restated on July 25, 2000.

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

**A RESOLUTION
(THE FIFTH SUPPLEMENTAL RESOLUTION)
AUTHORIZING THE ISSUANCE OF
NOT EXCEEDING \$16,550,000
STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM
FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS, SERIES 2004A**

October 28, 2003

A RESOLUTION (THE “FIFTH SUPPLEMENTAL RESOLUTION”) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$16,550,000 STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM, FLORIDA STATE UNIVERSITY HOUSING FACILITY REVENUE BONDS, SERIES 2004A, TO FINANCE RENOVATION OF A HOUSING FACILITY AT THE CAMPUS OF FLORIDA STATE UNIVERSITY; 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 2004A Bonds (as defined herein).

“2004A Bonds” means the not exceeding \$16,550,000 State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A.

“2004A Project” means the renovation of Landis Hall, a housing facility on the main campus of Florida State University as previously approved by the Board and the Legislature, and subject to any deletions, modifications, or substitutions deemed necessary and expedient being approved by resolution of the Board or in writing by the Board’s authorized representative.

“2004A Project Construction Fund” means a trust fund held by the State Treasurer in which shall be deposited the net proceeds of the 2004A Bonds and other available moneys for the renovation of the 2004A Project.

“Bonds” means the Outstanding Bonds, the 2004A Bonds and any Additional Parity Bonds issued in accordance with Section 5.01 of the Original Resolution.

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

“Board of Governors” means the Florida Board of Governors, a body corporate, established pursuant to Article IX, Section 7, Florida Constitution, and its successors.

“Bond Registrar/Paying Agent” means U.S. Bank Trust National Association, New York, New York, and its successors.

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

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

“Completion Bonds” means those bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2004A Project.

“Fifth Supplemental Resolution” means this resolution authorizing the issuance of the 2004A Bonds.

“Housing System” means the student living facilities of the University which are hereby defined as and shall include the following:

(1) The University's existing residence halls and apartments located in Tallahassee, Leon County, Florida on the Tallahassee campus of the University including the following facilities: Broward Hall, Bryan Hall, Cawthon Hall, Degraff Hall, Deviney Hall, Dorman Hall, Gilchrist Hall, Jennie Murphree Hall, Kellum Hall, Landis Hall, Reynolds Hall, Salley Hall, Smith Hall, the 2001A Project (Sherrill Williams Ragans Hall);

(2) and such additional housing facilities as at some future date may be added to the Housing System.

“Original Resolution” means the resolution adopted on November 17, 1992 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended, and as restated on July 25, 2000.

“Outstanding Bonds” means the outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993 Series 1994, Series 1996, Series 2001 (originally designated as Series 2000), and Series 2001A.

“Project Costs” means the actual costs of the 2004A Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 2004A Project; interest on the 2004A 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 2004A 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.

“State Board of Education” means the Florida State Board of Education, a body corporate, established pursuant to Article IX, Section 2, Florida Constitution, and its successors.

SECTION 1.02. AUTHORITY FOR THIS FIFTH SUPPLEMENTAL RESOLUTION. This Fifth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution, Sections 1010.60-1010.619, Florida Statutes, the State Bond Act, other applicable provisions of law, and Section 5.01 of the Original Resolution, and is supplemental to said Original Resolution.

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

(A) The Board of Governors is authorized under the Florida Constitution, to operate, regulate, control and be fully responsible for the management of the whole university system.

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

(B) The renovation of the 2004A Project at the Florida State University is necessary, desirable and in the best interest of the University.

(C) The Board of Governors adopted a resolution on September 24, 2003 requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A.

(D) The State Board of Education adopted a resolution on October 21, 2003, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A.

(E) (E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the 2004A Bonds on behalf of the Board to finance the 2004A Project.

(F) The 2004A Project will be the renovation of Landis Hall, a housing facility on the campus of the Florida State University, substantially in accordance with the plans and specifications as may be approved by the Board or their authorized representatives from time to time.

(G) As required by Article VII, Section 11(e) of the Florida Constitution, the Florida Legislature approved the 2004A Project in Section 11, item 13, of Chapter 2003-397, Laws of Florida.

(H) The principal of and interest on the 2004A Bonds to be issued pursuant to this Fifth Supplemental Resolution, and all of the reserve, sinking fund and other payments provided for herein, will be payable solely from the revenues accruing to and to be received by the Board or the University in the manner provided by this Fifth Supplemental Resolution, consisting of the Pledged Revenues.

(I) The 2004A Bonds to be issued pursuant to this Fifth Supplemental Resolution will be secured on a parity as to the lien on the Pledged Revenues with the Outstanding Bonds.

(J) The 2004A Bonds to be issued pursuant to this Fifth Supplemental Resolution shall not constitute, directly or indirectly, a debt or a charge against the State of Florida or any political subdivision thereof, but shall be revenue bonds within the meaning of Article VII, Section 11(d), Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(K) The Division of Bond Finance pursuant to the statutes and constitutional provisions herein cited, is authorized to issue the 2004A Bonds, on behalf of, and in the name of the Board, subject to the terms, limitations and conditions contained in this Fifth Supplemental Resolution.

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

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

(N) It is necessary and desirable to make various amendments to the Original Resolution in order to clarify the rights of the issuer of a Bond Insurance Policy with respect to the Bonds.

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the 2004A Bonds by those who shall hold the same from time to time, this Fifth Supplemental Resolution and the Original Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board, the University and such Registered Owners. The covenants and agreements to be performed by the Board and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Outstanding Bonds and the 2004A Bonds, as defined herein, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, TRANSFER AND ISSUANCE OF BONDS

SECTION 2.01. AUTHORIZATION OF 2004A BONDS. Subject and pursuant to the provisions of this Fifth Supplemental Resolution and the Original Resolution, fully registered revenue bonds of the Board to be known as "State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A", are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board in an aggregate principal amount not exceeding \$16,550,000, for the purpose of financing the construction, renovation, furnishing and equipping of the 2004A Project as described herein.

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. Except as otherwise provided in the Fifth Supplemental Resolution, the terms, description, execution, negotiability, registration, transfer, issuance and form of the 2004A Bonds shall be governed by the provisions of Article II of the Original Resolution adjusted to the extent necessary to apply to the 2004 Bonds.

ARTICLE III

APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2004A PROJECT. The Board is authorized to construct the 2004A Project from the proceeds of the sale of the 2004A Bonds and other legally available funds, subject to the provisions of this Fifth Supplemental Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF 2004A BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the 2004A Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 2004A 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 2004A Bond proceeds as follows:

(1) An amount which together with other moneys available therefor and on deposit in the Reserve Account is equal to the Debt Service Reserve Requirement, shall be transferred to the Board of Administration and deposited into the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division of Bond Finance, as provided in Section 4.02(B) of the Original Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit in the applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited into the Sinking Fund, created by the Original Resolution, and used for the payment of interest on the 2004A Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the 2004A Bonds shall be transferred to and deposited into the 2004A Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 2004A Project Construction Fund, after a consulting architect shall certify that the 2004A Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by the Original Resolution.

In addition to the aforementioned proceeds of the 2004A Bonds, the Board covenants that it will deposit into the 2004A Project Construction Fund additional funds legally available for the purposes of such fund which, together with the proceeds of the 2004A Bonds, will be sufficient to finance the total 2004A Project Costs. Any such additional funds, other than the proceeds of the 2004A Bonds or Completion Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the 2004A Bonds issued pursuant to this Fifth Supplemental Resolution.

All moneys in said 2004A 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 2004A Bonds issued pursuant to this Fifth Supplemental Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

SECTION 3.03. INVESTMENT OF 2004A PROJECT CONSTRUCTION FUND. Any moneys in the 2004A Construction Fund not immediately needed for the purposes provided in this Fifth Supplemental Resolution, may be temporarily invested and reinvested as provided in Section 17.57, Florida Statutes.

ARTICLE IV

SECURITY FOR THE 2004A BONDS; COMPLETION BONDS

SECTION 4.01. 2004A BONDS ON A PARITY WITH THE OUTSTANDING BONDS. The 2004A Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The 2004A 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 2004A 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 Fifth Supplemental Resolution to the same extent as if incorporated verbatim in this Fifth Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution by any of the Registered Owners of the 2004A Bonds.

SECTION 4.03. COMPLETION BONDS. The Board and the Division of Bond Finance need not comply with Section 5.01 of the Original Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 2004A Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 2004A Project at the time of the original issuance of the 2004A Bonds.

ARTICLE V

MISCELLANEOUS; AMENDMENT OF ORIGINAL RESOLUTION

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Fifth Supplemental Resolution shall not be assignable by the Division of Bond Finance or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the Board, to the extent that any such lease would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

SECTION 5.03. CONTINUING DISCLOSURE. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Director of the Division of Bond Finance, in conjunction with the appropriate officer of the Board, is authorized and directed to execute and deliver any documents or agreements 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 Fifth Supplemental Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall be deemed separable from the remaining covenants or provisions of this Fifth Supplemental Resolution or of the 2004A Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Fifth Supplemental Resolution or of the 2004A Bonds issued hereunder.

SECTION 5.05. FISCAL AGENT. Upon the sale and delivery of the 2004A Bonds by the Division of Bond Finance on behalf of the Board, the Board of Administration shall act as the fiscal agent for the Board with respect to the 2004A Bonds.

SECTION 5.06. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the 2004A Bonds pursuant to Chapter 75, Florida Statutes.

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

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

SECTION 1.01 DEFINITIONS. The following terms shall have the following meaning in this Resolution unless the text otherwise requires.

...

“Outstanding” shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

...

(v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

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

SECTION 7.01 ENFORCEABILITY BY REGISTERED OWNERS.

...

(C) For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy for Bonds issued after October 28, 2003, shall be deemed the sole Registered Owner, provided that the issuer of such Bond Insurance Policy has not failed to comply with its payment obligations under the Bond Insurance Policy and the ratings on the insured Bonds, based on the Bond Insurance Policy, are no lower than the “A” category by each Rating Agency which has rated such Bonds, including any rating modifiers.

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

(G) Notwithstanding the foregoing, the covenants, liens and pledges entered into, created or imposed pursuant to this Resolution shall not be discharged and satisfied with respect to any of the Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount so paid has not been reimbursed to the issuer of such Bond Insurance Policy (or monies have not been deposited as set forth above to provide for payment of such amounts). The bond insurer shall be subrogated to the rights of the Registered Owner of Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

SECTION 5.08. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Fifth Supplemental Resolution, to the extent that they are inconsistent with this Fifth Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

SECTION 5.09 SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Resolution to offices, bodies, or agencies which have been or are superceded, replaced or abolished by law shall be deemed to refer to the successors of such offices, bodies, and agencies. Any action required or authorized to be taken by an official whose office, body, or agency has been or is so superceded, replaced, or abolished shall be taken by the successor to such official.

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

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

ADOPTED on October 28, 2003.

APPENDIX D

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

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

September 20, 2011

A RESOLUTION (THE ELEVENTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED), REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE UNIVERSITY; CANCELING THE AUTHORITY FOR UNISSUED PREVIOUSLY AUTHORIZED BONDS; AMENDING THE ORIGINAL RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

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

ARTICLE I

DEFINITIONS, AUTHORITY; RESOLUTION TO CONSTITUTE CONTRACT

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

“Assistant Secretary” means an Assistant Secretary of the Division.

“Board of Governors” means the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof.

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

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

“Eleventh Supplemental Resolution” means this resolution authorizing the issuance and competitive sale of the Refunding Bonds.

“Housing System” means the student living facilities of the University which are hereby defined as and shall include the following:

(1) The University’s existing residence halls and apartments located in Tallahassee, Leon County, Florida on the Tallahassee campus of the University, including the following facilities: Broward Hall, Bryan Hall, Cawthon Hall, Degraff Hall, Deviney Hall, Dorman Hall, Gilchrist Hall, Jennie Murphree Hall, Kellum Hall, Landis Hall, Reynolds Hall, Salley Hall, Smith Hall, Sherrill Williams Ragans Hall, McCollum Hall, Wildwood Hall, and Wildwood Hall (Phase II)(when opened);

(2) such additional housing facilities as at some future date may be added to the Housing System.

“Original Resolution” means the resolution adopted on November 17, 1992 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Bonds, as amended, as restated on July 25, 2000, as amended on October 28, 2003, and as amended and supplemented by this Eleventh Supplemental Resolution, and as may be further amended from time to time.

“Outstanding Bonds” means the Outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 1993 and 2001, the Outstanding State of Florida, Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A, the Outstanding State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A and 2005A, and the Outstanding State of Florida, Board of Governors, Florida State University Dormitory Revenue Bonds, Series 2010A, as well as any Additional Parity Bonds.

“Rebate Amount” means the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess.

“Refunded Bonds” means the portion of the State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001, and the State of Florida, Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A, to be refunded by the Refunding Bonds.

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

“Resolution” means the Original Resolution, as supplemented and amended through the date of 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 Eleventh Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 215.57-215.83, Florida Statutes (the “State Bond Act”), Section 11(d) of the Florida Constitution; Section 1010.62, Florida Statutes, and other applicable provisions of law; and 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 of Governors, the University and such Registered Owners. The covenants and agreements to be performed by the Board of Governors and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Outstanding Bonds and the Refunding Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided 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 Resolution, fully registered revenue bonds of the Board of Governors to be known as “State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be designated) (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 \$33,000,000 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 Eleventh Supplemental 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 Florida State University 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 Eleventh Supplemental Resolution. The Refunding Bonds shall be issued in denominations of \$1,000 or any integral multiple thereof unless otherwise provided in the Notice of Bond Sale. The Refunding Bonds shall be payable at the corporate trust office of U.S. Bank Trust National Association, New York, New York, or its successor.

(L) The Refunding Bonds shall be subject to redemption as provided in the Notice of Bond Sale. The Notice of Bond Sale shall contain such redemption provisions as shall be determined by the Director to be in the best financial interest of the State. Upon election by the successful bidder as provided in the Notice of Bond Sale, a portion of the Refunding Bonds identified in such election may be designated as Term Bonds. Additionally, in lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices.

(M) The incremental increase in the Reserve Requirement, if any, attributable to the Refunding Bonds shall be funded with proceeds of the Refunding Bonds, amounts previously on deposit in a reserve account on behalf of the Refunded Bonds, a Reserve Account Credit Facility, or some combination thereof, as determined by the Director. The incremental increase, if any, in the Reserve Requirement attributable to the Refunding Bonds shall be deposited in the Reserve Account which was created pursuant to Section 4.02(B) of the Original Resolution. Amounts on deposit in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the Reserve Account, and shall be applied in the manner provided in the Original Resolution.

Notwithstanding the provisions of the Original Resolution, the Reserve Account for the Refunding Bonds authorized by this 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 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 Eleventh Supplemental 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 Tenth Supplemental Resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this section, collectively, the "Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

So long as a book-entry only system of evidence of transfer of ownership of all the Refunding Bonds is maintained in accordance herewith, any provision of the Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Resolution shall be deemed to give full effect to such book-entry system. If the Refunding Bonds are issued in book-entry only form:

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

(2) Transfers of beneficial ownership of the Refunding Bonds will be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository ("Participants" include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, as well other organizations that clear through or maintain a custodial relationship with such organizations, either directly or indirectly).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the Refunding Bonds. Beneficial ownership interests in the Refunding Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Refunding Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Refunding Bonds. Transfers of ownership interests in the Refunding Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Division of Bond Finance, the Board of Governors, the Board of Administration and the Bond Registrar/Paying Agent (as used in this section, the "State and its agents") shall treat the Securities Depository as the sole and exclusive owner of the Refunding Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Refunding Bonds or portion thereof to be redeemed or purchased. Payments made to the Securities Depository of principal, premium, and interest shall be valid and effective to fully satisfy and discharge the Board of Governors' obligations to the extent of the sums so paid;

(b) giving any notice permitted or required to be given to Registered Owners under the Resolution;
and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. The State and its agents may rely conclusively upon

(i) a certificate of the Securities Depository as to the identity of the Participants with respect to the Refunding Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Refunding Bonds beneficially owned by, the Beneficial Owners.

(5) The State and its agents shall have no responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other person which is not shown on the Refunding Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Refunding Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Refunding Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Resolution of holding, delivering or transferring Refunding Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry Refunding Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Refunding Bonds shall, while the Refunding Bonds are in book-entry only form, be satisfied by the notation thereof on the books of the Securities Depository in accordance with applicable state law.

(B) The Division of Bond Finance may discontinue the book-entry system with the then-current securities depository, subject to the terms of its agreement with such securities depository. In this event, the Division of Bond Finance shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement Refunding Bonds in the form of fully registered bonds to each Beneficial Owner.

ARTICLE III APPLICATION OF PROCEEDS

SECTION 3.01. APPLICATION OF REFUNDING BOND PROCEEDS. Upon receipt of the proceeds of the sale of the Refunding Bonds the Division shall transfer and apply such proceeds as follows:

(A) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, issuance, and sale of the Refunding Bonds, including a reasonable charge for the services of the Division for its fiscal services and for arbitrage rebate compliance program set-up, shall be transferred to the Division and deposited in the Bond Fee Trust Fund.

(B) Any accrued interest on the Refunding Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund, and used for the payment of interest on the Refunding Bonds.

(C) An amount necessary to fund the incremental increase in the Reserve Requirement, if any, attributable to the Refunding Bonds, to be held in reserve, shall be transferred to the Board of Administration and deposited in the Reserve Account within the Sinking Fund. Alternatively, the Division, as provided in Section 4.02 of the Original Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the Reserve Account.

(D) An amount together with the interest earnings thereon, and other amounts deposited therein which is anticipated to be sufficient to pay when due (1) the principal amount of the Refunded Bonds, (2) the amount of interest and redemption premium payable on the Refunded Bonds, and (3) the amount of fees and expenses estimated to be incurred in connection with the payment and retirement of the Refunded Bonds shall be either transferred and deposited in escrow pursuant to the terms of the Escrow Deposit Agreement or, at the discretion of the Director, deposited with the Bond Registrar/Paying Agent.

(E) Any balance of the proceeds of the Refunding Bonds after providing for the requirements of subsections (A) through (D) above shall be transferred to the Sinking Fund and used for the purposes set forth therein.

ARTICLE IV SECURITY FOR THE 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 other 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 amended and supplemented by this Eleventh Supplemental Resolution, as fully and to the same extent as the Outstanding Bonds, and all of the covenants and agreements contained in the Original Resolution, as amended and supplemented, shall be deemed to have been made for the benefit of the Registered Owners of the Refunding Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds.

All of the covenants, agreements, and provisions of the Original Resolution, as amended and supplemented, except to the extent inconsistent herewith, shall be deemed to be part of this Eleventh Supplemental Resolution to the

same extent as if incorporated verbatim in this Eleventh Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution, as amended and supplemented, by any of the Registered Owners of the Refunding Bonds.

ARTICLE V MISCELLANEOUS

SECTION 5.01. RESOLUTION NOT ASSIGNABLE. This Eleventh Supplemental 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 of Governors may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the Board of Governors, to the extent that any such lease would not adversely affect the 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.

(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.

SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Eleventh Supplemental Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall be deemed separable from the remaining covenants or provisions of this Eleventh Supplemental 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 Eleventh Supplemental Resolution or of the Refunding Bonds issued hereunder.

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

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS. All 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 previously authorized State of Florida, Florida State University Housing or Dormitory Revenue Bonds is hereby canceled.

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Resolution to offices, bodies, or agencies which have been or are superceded, replaced or abolished by law shall be deemed to refer to the successors of such offices, bodies, and agencies. Any action required or authorized to be taken by an official whose office, body, or agency has been or is so superceded, replaced, or abolished shall be taken by the successor to such official.

SECTION 5.08. CONFIRMATION OF ORIGINAL RESOLUTION. As amended and supplemented by this Eleventh Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Eleventh Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

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

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

SECTION 1.01. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

...

“Board of Governors ~~Regents~~” 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 5.10. EFFECTIVE DATE. This Eleventh Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on September 20, 2011.

FLORIDA STATE UNIVERSITY ¹
Tallahassee, Florida

Introduction and Brief History

Florida State University (the "University") is a fully accredited, public educational institution operated within the State University System of Florida. More than 40,000 students are enrolled, representing all 50 states and 19 foreign countries. With 15 colleges, students may take courses of study leading to the baccalaureate degree in 94 degree programs, to the master's degree in 102 degree programs, to the advanced master's degree and specialist degree in 28 programs, to the doctorate degree in 73 degree programs, and to the professional degree in two degree programs. The academic divisions are the Colleges of Arts and Sciences; Business; Communication and Information; Criminology and Criminal Justice; Education; Engineering; Human Sciences; Law; Medicine; Motion Picture, Television and Recording Arts; Music; Nursing; Social Sciences and Public Policy; Social Work; and Visual Arts, Theatre and Dance. The University has been designated a Research University by the Carnegie Foundation, which indicates robust research activity.

History

Florida State University, one of the largest and oldest of the 11 institutions of higher learning in the State University System of Florida, had its beginning with an 1851 act of the Florida Legislature establishing two seminaries, one to be located east and the other west of the Suwannee River. The West Florida Seminary first offered instruction at the postsecondary level in 1857. Its Tallahassee campus has been the site of an institution of higher education longer than any other site in Florida. In 1901, the institution became Florida State College, a four-year institution with a student body of 252.

In a 1905 reorganization of Florida's educational system by the legislature, the University of Florida in Gainesville was established and designated a men's school, with Florida State College becoming a women's school called the Florida Female College. During 1909 the name of the college was changed to Florida State College for Women, an institution which grew to become the third largest women's college in the nation during the 1930's.

During the post-World War II era, demand by returning veterans brought men back to the campus in 1946, with the establishment of the Tallahassee Branch of the University of Florida. In 1947, the school returned to coeducational status and the name was changed to Florida State University. The University has grown from an enrollment of 4,056 in 1947 to an enrollment of over 41,000 in the fall semester of 2011.

The 1950's brought further development and expansion to the University with the addition of colleges and schools for Library Science, Social Welfare (later divided into Social Work and Criminology), Business and Nursing. During the 1960's the University acquired the Shaw Poetry Collection, established the Institutes of Molecular Biophysics and Space Biosciences, founded the College of Law, opened the Panama City Branch and established the Program in Medical Sciences. The colleges of Social Sciences and Communication and the schools of Theatre and Visual Arts and Dance were founded during the 1970's.

Expanding on its longstanding reputation in the performing arts and keeping pace with professional movie studios that have opened in Florida, the University is now the professional training ground for the expanding industry of film production. Florida State University admitted its first film students to the School of Motion Picture, Television and Recording Arts in the fall of 1989.

¹ Source: Information in Appendix E was provided by Florida State University.

Among the special programs which have won national or international distinction in research are the Program in Nuclear Research, the Institute for Molecular Biophysics, the Florida State University Marine Laboratory, the Center of Music Research, the Learning Systems Institute, the Florida State University Proton-Induced X-Ray Emission (PIXE) Laboratory and the Florida State University Institute of Science and Public Affairs.

In 1990, the National Science Foundation announced that Florida State University would be the home of the National High Magnetic Field Laboratory. A joint project with the University of Florida and Los Alamos National Laboratory, the lab is the nation's top center for research on magnets millions of times more powerful than the Earth's magnetic field. This facility was the first national lab to be located in Florida and went into operation in 1994. Research at the lab is conducted in such diverse fields as biology, materials science, medicine, physics, chemistry, engineering and superconductivity.

In 2000, the Florida Legislature passed legislation funding establishment of a medical school at the University. The University's College of Medicine has a mission centered on primary care, geriatric training, and service to rural and underserved areas. It is a community-integrated medical school that will provide the first two years of medical education on campus in Tallahassee and the last two years in community clinical settings around the state.

Since 2001, the University has operated the Ringling Center for the Cultural Arts in Sarasota, which includes the John and Mable Ringling Museum of Art, which is the largest museum/university complex in the nation.

In addition to the branch campus, FSU offers a variety of overseas study opportunities for students during the regular academic year. FSU has study centers located in Florence, Italy; Panama City, Republic of Panama; Valencia, Spain; and London, England. Courses at the study centers are offered each semester and cover a wide range of subject areas. International Programs also offers study programs, some general and some major specific, in: Tianjin, China; San Jose, Costa Rica; Dubrovnik, Croatia; Prague, Czech Republic; London, England; Paris, France; Dublin, Ireland; Tokyo, Japan; Amsterdam, Netherlands; Moscow, Russia; and Leysin, Switzerland. A summer Law program is offered in Oxford, England. There is one Linkage Institute, FLORICA, in Costa Rica, and Beyond Borders programs in Turrialba, Costa Rica, Kingston, Jamaica, and Dresden, Germany.

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 of the State Board of Education and the Board of Governors. The university President serves as the executive officer and corporate secretary of the Trustees and is responsible for all operations of the university. Other senior administrative officers of the universities are designated by the President. Generally, the Provost/Vice President for Academic Affairs assumes responsibility for the president during any absence and is the chief academic officer in the university organization. Other vice presidents have responsibility for specific areas within the organization. The deans of colleges and schools are responsible to the Provost for all matters relating to programs and personnel in their respective academic units.

<u>University Trustees</u>	<u>Term Expires</u>
Andy Haggard (Chairman) – Senior Partner, Haggard Parks Law Firm (Coral Gables, FL)	January 6, 2015
Mark Hillis – First Vice President (retired), Sun Trust Bank (Winter Park, FL)	January 6, 2015
Joseph Gruters – Accountant, Shinn and Company, LLC (Bradenton, FL)	January 6, 2016
Emily F. Duda – Board Member, FSU Booster Club (Oviedo, FL)	January 6, 2011*
Peggy Rolando – Partner, Shutts & Bowen Law Firm (Coral Gables, FL)	January 6, 2015
Jim Kinsey, Jr. – President, Kinsey Associates (Ft. Myers, FL)	January 6, 2013
Allan Bense – President & CEO, Bense Enterprises, Inc. (Panama City, FL)	January 6, 2016
Brent Sembler – Vice Chairman, The Sembler Company (St. Petersburg, FL)	January 6, 2015
Susie Busch-Transou – Vice President, Tri-Eagle Sales, (Tallahassee, FL)	January 6, 2013
Edward E. Burr – President & CEO, Greenpointe Holdings LLC (Jacksonville, FL)	January 6, 2016
Dr. Joseph L. Camps, Jr. – Physician (Tallahassee, FL)	January 6, 2016
Dr. Sandra Lewis – President, Florida State University Faculty Senate (Tallahassee, FL)	April 17, 2012
Avi Assidon – University Student Body President (Sunrise, FL)	March 22, 2012

*Will remain in office until successor is appointed.

On December 8, 2009, the University Board of Trustees selected Eric J. Barron to serve as the University's 14th President. Dr. Barron received a doctorate in oceanography from the University of Miami in 1980. Prior to assuming the presidency, he served as director of the National Center for Atmospheric Research in Boulder, Colorado. From 2006-2008, Dr. Barron was dean of the Jackson School of Geosciences at the University of Texas at Austin. At Pennsylvania State University from 1986 to 2006, he was professor of geosciences, director of the Earth System Science Center, director of the EMS Environmental Institute, and lastly dean of the College of Earth and Mineral Science.

The establishment of individual University Boards of Trustees has increased the individual institutions' control of their academic and fiscal affairs. Under the new structure, the universities are no longer state agencies, but rather are autonomous state-supported public corporations. While the exact structure of the new system continues to evolve, certain of the changes do provide the individual universities with greater fiscal autonomy and financial control.

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

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

Bonding Authority. Bond-issuing authority is retained by the State of Florida Division of Bond Finance; the University can borrow through affiliated foundations 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 University has expanded from the original few acres and buildings to over 400 buildings on nearly 1,368.6 acres, including the downtown Tallahassee main campus of 463.4 acres, the Seminole Reservation (a recreational facility), the Marine Laboratory on the Gulf Coast, the College of Engineering facility (a joint facility with Florida Agricultural and Mechanical University), the University Computing Center and Division of Research at Innovation Park in Tallahassee and the branch campus in Panama City, Florida. The main campus consists of buildings with total assignable (usable) square footage in excess of 5.1 million square feet.

Capital Improvement Plan

The following table shows the capital improvement projects currently in progress for the University as well as the current and future funding sources for each. A majority 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, etc.) provide monies to finance some of the capital improvement projects.

Current Capital Improvement Projects* as of June 30, 2011

<u>Project</u>	<u>Funding Source</u>		<u>Total Project Cost</u>
	<u>Public Education Capital Outlay</u>	<u>Other Funding Sources</u>	
Educational and General Projects:			
Research Building - Innovation Park	\$1,000,000	\$20,850,000	\$21,850,000
Wellness Center	18,027,196	29,915,979	47,943,175
Johnston Building Renovation	49,200,000	-	49,200,000
DCA / Law School Renovations	13,750,000	-	13,750,000
Ruby Diamond Auditorium Renovations	25,737,372	12,657,047	38,394,419
Educational Multi-Purpose/Tennis	-	4,000,000	4,000,000
Tibbals Learning Center Phase II	-	7,506,237	7,506,237
Total Educational and General Projects	\$107,714,568	\$74,929,263	\$182,643,831
Infrastructure Projects:			
Utility / Infrastructure / Reroofing / Sidewalks and Plazas	16,766,560	-	16,766,560
Parking Garage 6	-	16,175,216	16,175,216
Total Infrastructure Projects	\$16,766,560	\$16,175,216	\$32,941,776
Student Projects:			
Wildwood Residence Halls, Phase II	-	\$30,315,957	\$30,315,957
IM Sports / Salley Hall	-	3,000,000	3,000,000
Total Student Projects	-	\$33,315,957	\$33,315,957
Total Capital Improvement Projects	\$124,481,128	\$124,420,436	\$248,901,564

* Amounts are estimates and are subject to change.

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

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

Priority Number	Project Name	Request per Fiscal Years Ended June 30					Total
		<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Requested</u>
1	Utilities/Infrastructure/Roofing/Capital Renewal	\$10,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$70,000,000
2	Applied Sciences Building	10,000,000	-	-	-	-	10,000,000
3	FAMU-FSU College of Engineering III - Joint Use	4,000,000	11,034,335	-	-	-	15,034,335
4	EAOS Building	3,850,000	-	30,000,000	26,100,000	5,000,000	64,950,000
5	Eppes Hall Remodeling	12,000,000	2,500,000	-	-	-	14,500,000
6	Teaching Classroom Building	2,250,000	27,750,000	4,000,000	-	-	34,000,000
7	Firestone / Warren Building Renovations	1,600,000	17,400,000	2,900,000	600,000	6,600,000	29,100,000
8	Library Information Commons	2,250,000	18,000,000	37,000,000	5,000,000	-	62,250,000
9	Land Acquisition	5,000,000	-	5,000,000	-	5,000,000	15,000,000
10	Academic Support Building	2,000,000	33,000,000	4,000,000	-	-	39,000,000
11	Dittmer Building Remodeling	3,000,000	22,500,000	16,000,000	5,000,000	-	46,500,000
12	Physics Building	-	3,800,000	50,000,000	5,000,000	-	58,800,000
13	Clinical Training Center (nonmedical)	-	2,000,000	20,000,000	3,000,000	-	25,000,000
14	Teaching Gymnasium (Tully)	-	-	4,400,000	56,000,000	6,000,000	66,400,000
15	Academic Community Complex	-	-	7,000,000	103,000,000	8,000,000	118,000,000
16	Gunter Building Remodeling	-	-	-	900,000	9,000,000	9,900,000
17	Kellogg Research Building Remodeling	-	-	-	1,500,000	15,000,000	16,500,000
Total		<u>\$55,950,000</u>	<u>\$152,984,335</u>	<u>\$195,300,000</u>	<u>\$221,100,000</u>	<u>\$69,600,000</u>	<u>\$694,934,335</u>

Budgetary Process

The University's operating budget is comprised of the following budget entities: Educational and General, Auxiliary Enterprises, Contracts and Grants, Student Activities, Intercollegiate Athletics, Financial Aid and Concessions.

Educational and General. The University receives an allocation of educational and general resources from the Florida Legislature. The allocation is developed in accordance with the General Appropriations Act, the Implementing Legislation Bill, the Legislative Appropriations Work Papers and the Letter of Intent. The University president approves the general guidelines for the allocation of educational and general resources at the University level. Within the president's guidelines and guidelines provided by the Board of Trustees, an allocation is made to each vice president for the functional areas under his/her direction. In coordination with the University Budget Office and the Division of Administration and Finance, a distribution is made by account/department.

Auxiliary Enterprises, Intercollegiate Athletics and Concessions. Vice presidents and the athletics director prepare operating budget requests for these budgets based on anticipated revenues. The University Budget and Analysis Department then coordinates the vice presidents' presentations and justifications of annual budget requests as required and finalizes them based on the Board of Trustees guidelines. Budget revisions required by the president are incorporated into the requests.

Student Activities. This budget consists of planned expenditures to be funded from activity and service fees which the University is authorized by the rules of its Board of Trustees to charge its students. The budget is developed and approved in accordance with Section 1009.24(8) and (9)(a)(b), Florida Statutes.

Contracts and Grants. This budget consists of estimated expenditures supported by various private businesses and federal, state and local units of government.

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

The University submits all budgets to the Board of Trustees for approval. Approved budgets are released for expenditures to the University. All of the colleges/campuses of the University submit budget requests for additional resources to the University Budget Office. Any new State resources are allocated to the University according to the priorities set by the president, as are any University-wide reductions. A comparison of the operating budgets of the University is included below for the Fiscal Years 2007-08 through 2011-12.

Operating Budget

<u>Budget Entity</u>	<u>Fiscal Years Ended June 30</u>				
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Educational and General	\$502,269,755	\$491,307,422	\$468,944,706	\$490,150,079	\$460,329,159
Technology Fee	-	-	3,879,217	9,080,776	12,723,181
Auxiliary Enterprises	196,061,719	204,659,608	199,587,448	190,591,925	212,790,357
Contracts and Grants	212,942,180	220,776,621	193,318,597	225,897,900	225,271,136
Student Activities	16,005,791	17,577,473	16,896,645	19,775,303	20,627,859
Intercollegiate Athletics	42,760,011	49,332,477	46,050,380	52,933,766	53,443,145
Financial Aid	122,813,820	127,725,120	119,652,752	141,889,324	156,572,417
Concessions	<u>452,804</u>	<u>347,670</u>	<u>348,997</u>	<u>423,111</u>	<u>533,591</u>
Total	<u>\$1,093,306,080</u>	<u>\$1,111,706,391</u>	<u>\$1,048,678,772</u>	<u>\$1,130,742,184</u>	<u>\$1,142,290,845</u>

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

Historical Summary of Current Fund Sources* (as a Percent of Total)

<u>Fund Source</u>	<u>Fiscal Years Ended June 30</u>				
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
State Appropriations	42.57%	40.47%	40.41%	35.02%	34.39%
Student Tuition and Fees	12.46%	13.29%	13.83%	15.90%	15.51%
Federal Grants and Contracts	14.43%	13.89%	14.05%	15.18%	15.95%
Auxiliary Enterprises	13.04%	14.12%	14.40%	13.81%	13.44%
State and Local Grants and Contracts	2.99%	2.91%	3.25%	2.83%	1.81%
Nongovernmental Grants and Contracts	2.16%	1.76%	0.33%	0.29%	0.40%
Noncapital Grants, Contracts, and Gifts	0.00%	0.00%	2.07%	2.32%	4.06%
Sales and Services of Educational Activities	0.18%	0.16%	0.16%	0.14%	0.04%
Federal and State Student Financial Aid	8.47%	8.75%	9.21%	10.69%	11.68%
Other Sources	<u>3.69%</u>	<u>4.65%</u>	<u>2.29%</u>	<u>3.82%</u>	<u>2.71%</u>
Total Current Fund Sources	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* 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.

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Registration and Tuition Fees					
In-State Students:					
Matriculation Fee ¹	\$77.39	\$82.03	\$88.59	\$95.67	\$103.32
Building Fee	2.32	2.32	2.32	2.32	2.32
Student Financial Aid Fee ¹	3.86	4.1	4.42	4.78	5.16
Capital Improvement Trust Fund Fee	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>
Sub Total	\$86.01	\$90.89	\$97.77	\$105.21	\$113.24
Out-of-State Students (in addition to the above fees):					
Tuition	\$416.88	\$458.56	\$458.56	\$458.56	\$481.48
Supplemental Student Financial Aid Fee	<u>20.84</u>	<u>22.92</u>	<u>22.92</u>	<u>22.92</u>	<u>24.07</u>
Sub Total	\$523.73	\$572.37	\$579.25	\$586.69	\$618.79
Local Fees*					
Activity & Service Fee	\$9.02	\$9.48	\$9.96	\$11.69	\$11.69
Athletic Fee	6.18	6.47	6.77	7.24	7.39
Health Fee	7.98	8.38	8.81	12.44	12.96
Transportation Access Fee	6.50	7.40	7.40	7.90	8.40
Tuition Differential Fee	-	6.96	13.74	22.00	32.00
Student Affairs Facility Use Fee ²	-	2.00	2.00	2.00	2.00
Technology Fee	<u>-</u>	<u>-</u>	<u>4.42</u>	<u>4.78</u>	<u>5.16</u>
Sub Total	\$29.68	\$40.69	\$53.10	\$68.05	\$79.60
Total In-State Tuition and Fees	\$115.69	\$131.58	\$150.87	\$173.26	\$192.84
Total Out-of-State Tuition and Fees	\$553.41	\$613.06	\$632.35	\$654.74	\$698.39

¹ The increases to the Matriculation Fee and Student Financial Aid Fee for Academic Year 2007-08 were not instituted until the spring semester of 2008.

² Plus \$20 flat fee per semester.

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

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The following table lists the registration, tuition and local fees charged to each graduate student per credit hour.

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Registration and Tuition Fees					
In-State Students:					
Matriculation Fee	\$209.76	\$230.73	\$265.33	\$305.12	\$350.88
Building Fee	2.32	2.32	2.32	2.32	2.32
Student Financial Aid Fee	10.48	11.53	13.26	15.25	17.54
Capital Improvement Trust Fund Fee	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>	<u>2.44</u>
Sub Total	\$225.00	\$247.02	\$283.35	\$325.13	\$373.18
Out-of-State Students (in addition to the above fees):					
Tuition	\$601.34	\$601.34	\$601.34	\$601.34	\$601.34
Supplemental Student Financial Aid Fee	<u>30.06</u>	<u>30.06</u>	<u>30.06</u>	<u>30.06</u>	<u>30.06</u>
Sub Total	\$856.40	\$878.42	\$914.75	\$956.53	\$1,004.58
Local Fees*					
Activity & Service Fee	\$9.02	\$9.48	\$9.96	\$11.69	\$11.69
Athletic Fee	6.18	6.47	6.77	7.24	7.39
Health Fee	7.98	8.38	8.81	12.44	12.96
Transportation Access Fee	6.50	7.40	7.40	7.90	8.40
Student Affairs Facility Use Fee ¹	-	2.00	2.00	2.00	2.00
Technology Fee	<u>-</u>	<u>-</u>	<u>4.42</u>	<u>4.78</u>	<u>5.16</u>
Sub Total	\$29.68	\$33.73	\$39.36	\$46.05	\$47.60
Total In-State Tuition and Fees	\$254.68	\$280.75	\$322.71	\$371.18	\$420.78
Total Out-of-State Tuition and Fees	\$886.08	\$912.15	\$954.11	\$1,002.58	\$1,052.18

¹ Plus \$20 flat fee per semester

* Local Fees are charged to both resident and non-resident 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. General Revenue appropriations are primarily funded from Florida's sales tax.

History of General Revenue Appropriations

Fiscal Year <u>Ended June 30</u>	Educational <u>& General</u>
2007-08	\$358,048,432
2008-09	326,305,976
2009-10	275,351,820
2010-11	278,229,368
2011-12	250,310,540

History of Trust Fund Appropriations. The following table sets forth the history of trust fund appropriations available to the University, by budget entity.

History of Trust Fund Appropriations

Fiscal Year <u>Ended June 30</u>	Educational <u>& General</u> ¹	Contracts & <u>Grants</u>	Auxiliary <u>Enterprises</u> ²	<u>Other</u> ³	<u>Total</u>
2007-08	\$144,221,323	\$212,942,180	\$196,061,719	\$182,032,426	\$740,580,276
2008-09	165,001,446	220,776,621	204,659,608	194,962,740	785,400,417
2009-10	193,592,886	193,318,597	199,587,448	186,828,021	773,326,952
2010-11	211,920,711	225,897,900	190,591,925	224,102,280	852,512,816
2011-12	210,018,619	225,271,136	212,790,357	243,900,193	891,980,305

¹ Includes funds received from the State's Educational Enhancement Trust Fund from sales of lottery tickets, from student matriculation and out-of-state fees and from other miscellaneous revenues. Also includes non-recurring funds of \$24,184,093 in Fiscal Year 2009-10 and \$23,127,026 in Fiscal Year 2010-11 from the 2009 American Recovery and Reinvestment Act (Federal Stimulus).

² Includes revenues generated primarily from sales to students, faculty and staff, University departments and other individuals.

³ Includes student activities, athletics, campus concessions and financial aid.

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

History of Financial Aid Awards by Fiscal Year

<u>Source of Award</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Federal					
Number	77,754	73,477	78,549	92,397	102,321
Amount	\$182,753,426	\$188,063,373	\$207,068,685	\$241,032,856	\$261,586,630
State					
Number	44,455	45,940	44,373	46,284	41,131
Amount	\$54,050,925	\$57,279,089	\$59,737,666	\$60,809,079	\$61,435,638
Institutional					
Number	24,900	24,212	25,091	24,647	26,520
Amount	\$24,734,137	\$23,716,647	\$29,140,180	\$29,860,777	\$36,206,573
Private					
Number	8,030	8,057	7,473	6,403	7,285
Amount	\$8,089,397	\$8,648,280	\$8,837,870	\$8,699,589	\$8,452,140
Tuition Waivers					
Number	11,377	11,451	11,712	11,320	12,251
Amount	\$33,773,524	\$36,134,706	\$36,353,235	\$38,535,444	\$44,342,878
Total					
Number	166,516	163,137	167,198	181,051	189,508
Amount	\$303,401,409	\$313,842,095	\$341,137,636	\$378,937,745	\$412,023,859
<u>Type of Award</u>					
Grants					
Number	37,046	38,335	40,083	47,168	55,366
Amount	\$40,624,924	\$42,229,546	\$51,920,963	\$65,457,838	\$84,524,492
Loans					
Number	62,679	56,848	61,573	67,708	71,771
Amount	\$163,520,242	\$165,288,952	\$182,329,400	\$202,006,191	\$210,589,701
Scholarships & Tuition Waivers					
Number	65,394	66,654	63,978	65,334	61,573
Amount	\$98,071,743	\$104,805,645	\$105,275,494	\$109,953,253	\$115,555,363
Student					
Number	1,397	1,300	1,564	841	798
Amount	\$1,184,500	\$1,517,952	\$1,611,779	\$1,520,462	\$1,354,304
Total					
Number	166,516	163,137	167,198	181,051	189,508
Amount	\$303,401,409	\$313,842,095	\$341,137,636	\$378,937,745	\$412,023,860

Selected Historical Financial Information

Selected University financial information for Fiscal Years 2006-07 through 2010-11 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's financial statements and the related notes thereto, included as Appendix I to this Official Statement. Such financial information has been subjected to audit procedures by the State of Florida Auditor General's Office. Implementation of GASB 34 and 35 is reflected in the presentation of the financial information below.

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Statement of Net Assets
for Fiscal Years Ended June 30 (In Thousands)

<u>ASSETS:</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 *</u>
Current Assets:					
Cash and Cash Equivalents	\$7,648	\$9,016	\$16,308	\$3,403	\$10,684
Investments	407,388	466,064	490,943	544,340	599,794
Net Accounts Receivable	32,799	29,307	32,116	37,739	36,864
Due From State Agencies	108,068	86,145	108,372	72,138	42,761
Due From Component Units	3,799	8,782	8,153	12,224	13,838
Inventories	3,641	3,640	2,861	2,621	2,899
Net Loans and Notes Receivable - Current	5,031	3,655	2,157	2,140	2,509
Deferred Charges and Other Current Assets	<u>2,358</u>	<u>1,377</u>	<u>1,512</u>	<u>3,210</u>	<u>3,659</u>
Total Current Assets	\$570,732	\$607,986	\$662,422	\$677,815	713,008
Non-Current Assets:					
Restricted Cash and Cash Equivalents	\$6,912	\$120	\$19	\$27	\$2,637
Restricted Investments	53,986	42,353	37,184	36,817	82,065
Loans and Notes Receivable	14,289	14,061	14,248	13,247	11,975
Other Non-Current Assets	1,916	1,940	5,590	3,633	3,533
Net Property and Equipment	<u>1,327,456</u>	<u>1,472,980</u>	<u>1,520,147</u>	<u>1,574,125</u>	<u>1,667,918</u>
Total Non-Current Assets	<u>\$1,404,559</u>	<u>\$1,531,454</u>	<u>\$1,577,188</u>	<u>\$1,627,849</u>	<u>\$1,768,128</u>
Total Assets	<u>\$1,975,291</u>	<u>\$2,139,440</u>	<u>\$2,239,610</u>	<u>\$2,305,664</u>	<u>\$2,481,136</u>
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$65,048	\$36,699	\$31,668	\$38,236	\$51,406
Due to State Agencies	674	1,071	326	291	805
Due to Component Units	4,521	10,562	7,403	7,887	9,138
Deferred Revenues	25,684	58,318	83,252	60,465	40,718
Long Term Debt - Current Portion	16,974	14,814	15,271	11,705	13,615
Other Current Liabilities	<u>972</u>	<u>956</u>	<u>937</u>	<u>920</u>	<u>1,028</u>
Total Current Liabilities	\$113,873	\$122,420	\$138,857	\$119,504	\$116,710
Non-Current Liabilities:					
Compensated Absences Liability	\$44,414	\$45,287	\$47,011	\$47,995	\$49,644
Bonds Payable and Related Accounts	233,829	236,889	235,099	-	-
Capital Improvement Debt Payable	-	-	-	179,669	234,615
Other Non-Current Liabilities	<u>2,619</u>	<u>4,718</u>	<u>22,764</u>	<u>27,323</u>	<u>30,606</u>
Total Non-Current Liabilities	<u>\$280,862</u>	<u>\$286,894</u>	<u>\$304,874</u>	<u>\$254,987</u>	<u>\$314,865</u>
Total Liabilities	<u>\$394,735</u>	<u>\$409,314</u>	<u>\$443,731</u>	<u>\$374,491</u>	<u>\$431,575</u>
<u>NET ASSETS:</u>					
Invested in Capital Assets, Net of Related Debt	\$1,096,983	\$1,226,832	\$1,284,138	\$1,384,027	\$1,468,820
Restricted					
Expendable:					
Debt Service	\$261	\$874	\$445	\$276	\$3,810
Loans	18,667	19,488	4,021	4,275	4,812
Capital Projects	113,965	77,221	59,487	53,681	38,370
Other Restricted Assets	80,298	93,056	105,110	108,483	128,509
Unrestricted	<u>270,382</u>	<u>312,655</u>	<u>342,678</u>	<u>380,431</u>	<u>405,240</u>
Total Net Assets	<u>\$1,580,556</u>	<u>\$1,730,126</u>	<u>\$1,795,879</u>	<u>\$1,931,173</u>	<u>\$2,049,561</u>

* Fiscal Year 2010-11 data is preliminary and unaudited.

**Statement of Revenues, Expenses, and Changes in Net Assets
for Fiscal Year Ended June 30 (In Thousands)**

<u>Operating Revenues</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 *</u>
Student Tuition and Fees	\$210,643	\$220,767	\$229,002	\$255,108	\$289,266
Less: Tuition Scholarship Allowances	<u>(91,738)</u>	<u>(90,852)</u>	<u>(96,848)</u>	<u>(98,276)</u>	<u>(117,630)</u>
Net Student Tuition and Fees	118,905	129,915	132,154	156,832	171,636
Federal Grants and Contracts	129,084	127,591	126,131	141,405	156,319
State and Local Grants and Contracts	26,693	26,746	29,170	26,366	17,514
Private Gifts, Grants and Contracts	19,313	16,208	2,982	2,703	12,259
Sales and Services of Educational Departments	1,633	1,432	1,443	1,325	420
Sales and Services of Auxiliary Enterprises	116,438	129,769	129,247	128,657	133,147
Interest on Loans Receivable	176	213	245	257	282
Other Operating Revenue	<u>9,125</u>	<u>15,027</u>	<u>11,491</u>	<u>5,861</u>	<u>6,329</u>
Total Operating Revenues	\$421,367	\$446,901	\$432,863	\$463,406	\$497,906
Operating Expenses					
Personnel Services	\$489,827	\$509,667	\$513,723	\$524,482	\$570,758
Services and Supplies	172,352	166,978	171,991	172,821	174,047
Utilities	49,782	47,101	50,128	45,831	41,492
Scholarships and Fellowships	59,671	68,429	67,212	84,738	89,279
Depreciation Expense	58,181	62,726	67,047	66,361	65,945
Self Insurance Claims and Expense	<u>425</u>	<u>387</u>	<u>149</u>	<u>411</u>	<u>-</u>
Total Operating Expenses	\$830,238	\$855,288	\$870,250	\$894,644	\$941,521
Total Operating Income (Loss)	(\$408,871)	(\$408,387)	(\$437,387)	(\$431,238)	(\$443,615)
Non-Operating Revenues (Expenses)					
State Appropriations	\$380,286	\$371,869	\$362,682	\$302,976	\$313,308
State Appropriated American Recovery & Reinvest.	-	-	-	23,376	23,585
Investment Income	23,010	30,525	13,958	13,953	15,750
Federal and State Student Financial Aid	75,663	80,432	82,618	99,606	114,475
Unrealized Gains (Losses) on Investments	2,142	(758)	(5,523)	17,006	12
Other Non-Operating Revenue	1,674	1,158	1,833	1,050	2,342
Noncapital Grants, Contracts and Gifts	-	-	18,579	21,644	38,637
Gain/Loss on Disposal of Capital Assets	(3,040)	(3,463)	(3,989)	(1,030)	(1,977)
Interest on Asset Related Debt	(7,366)	(10,831)	(10,784)	(8,813)	(8,455)
Other Non-Operating Expenses	<u>(8,215)</u>	<u>(12,821)</u>	<u>(22,988)</u>	<u>(7,301)</u>	<u>(4,342)</u>
Total Non-Operating Revenue (Expenses)	\$464,154	\$456,111	\$436,386	\$462,467	\$493,335
Income (Loss) Before Contributions	\$55,283	\$47,724	(\$1,001)	\$31,229	\$49,720
Capital Appropriations	\$113,844	\$71,980	\$48,172	\$40,439	\$56,600
Capital Grants, Contracts and Donations	<u>44,267</u>	<u>29,866</u>	<u>18,582</u>	<u>13,591</u>	<u>12,068</u>
Change in Net Assets	\$213,394	\$149,570	\$65,753	\$85,259	\$118,388
Net Assets - Beginning of Year	\$1,367,162	\$1,580,556	\$1,730,126	\$1,795,879	\$1,931,173
Adjustment to Beginning Net Assets	-	-	-	50,035	-
Net Assets, Beginning of Year, as Restated	1,367,162	1,580,556	1,730,126	1,845,914	1,931,173
Net Assets End of Year	<u>\$1,580,556</u>	<u>\$1,730,126</u>	<u>\$1,795,879</u>	<u>\$1,931,173</u>	<u>\$2,049,561</u>

* Fiscal Year 2010-11 data is preliminary and unaudited.

Students

General. Student enrollment at the University has steadily grown over the past several years. Approximately 84% of the students enrolled at the University attend full time. Total student enrollment is comprised of 76% undergraduates, 21% graduate students and 3% other students who are not enrolled in degree-granting programs. Women constitute 56.8% of the enrollment, minorities over approximately 29% and foreign international students comprise 3.4%.

The University has a long history of providing recognition and support for outstanding students. Through well-populated honors programs and honors societies, the University encourages excellence in all of its students. On Honors Night and throughout Honors Week, the University salutes students who have received institution-wide recognition for academic achievement. In addition, University students have been recipients of local, regional, or national awards recognizing outstanding student achievement.

Student Enrollment. The following table shows admission and registration data for the University.

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**Admission and Registration Headcounts and Percentages
by Type of Student**

	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>
Total Students:					
Applicants	36,773	35,075	36,471	39,583	41,174
Admitted	17,027	15,097	18,343	19,632	20,892
% of Applicants Admitted	46.3%	43.0%	50.3%	49.6%	50.7%
Enrolled	7,965	6,615	8,144	8,109	8,453
% of Admitted Enrolled	46.7%	43.8%	44.4%	41.3%	40.5%
First-Time-in-College:					
Applicants	20,057	20,678	18,583	20,469	22,316
Admitted	9,809	8,736	10,669	11,746	12,914
% of Applicants Admitted	48.9%	42.2%	57.4%	57.4%	57.9%
Enrolled	3,742	3,032	3,704	3,747	4,063
% of Admitted Enrolled	38.2%	34.7%	34.7%	31.9%	31.5%
Community College Transfers:					
Applicants	3,507	3,176	4,341	4,484	4,536
Admitted	1,904	1,752	2,395	2,551	2,482
% of Applicants Admitted	54.3%	55.1%	55.2%	56.9%	54.7%
Enrolled	1,462	1,364	1,813	1,818	1,803
% of Admitted Enrolled	76.8%	77.8%	75.7%	71.3%	72.6%
Other Undergraduate Transfers:					
Applicants	2,488	946	2,457	2,640	3,005
Admitted	760	132	686	753	779
% of Applicants Admitted	30.5%	14.0%	27.9%	28.5%	25.9%
Enrolled	457	100	379	396	424
% of Admitted Enrolled	60.1%	75.7%	55.2%	52.6%	54.4%
Graduate:					
Applicants	7,268	7,068	7,790	8,397	8,592
Admitted	3,656	3,429	3,695	3,714	3,903
% of Applicants Admitted	50.3%	48.5%	47.4%	44.2%	45.4%
Enrolled	2,049	1,832	1,975	1,907	1,916
% of Admitted Enrolled	56.0%	54.3%	53.4%	51.4%	49.1%
Professional Schools:					
Applicants	3,453	3,207	3,300	3,593	2,725
Admitted	898	1,048	898	868	814
% of Applicants Admitted	26.0%	32.7%	27.2%	24.2%	29.9%
Enrolled	255	287	273	241	247
% of Admitted Enrolled	28.4%	27.4%	30.4%	27.8%	30.3%

The table below shows the full-time equivalent (FTE) enrollment of the University and total headcount enrollment by level for the current and past four 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. For housing and financial aid purposes, undergraduate students are considered full time if they take 12 credit hours, and graduate students are considered full time if they take 9 credit hours. During the summer semester, 10 undergraduate student credit hours or 8 graduate student credit hours are equivalent to one FTE. Annual full-time equivalency is 40 hours for undergraduate students and 32 hours for graduate students. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

Full Time Equivalent Enrollment by Level and Total Headcount Enrollment

<u>Academic Year</u>	<u>Annual Full-Time Equivalent</u>			<u>Fall Headcount</u>			
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Other</u>	<u>Total</u>
2006-07	22,286	5,409	27,695	31,058	8,174	1,242	40,474
2007-08	22,635	5,522	28,157	31,508	8,529	1,028	41,065
2008-09	21,465	5,519	26,984	29,644	8,370	1,122	39,136
2009-10	22,219	5,493	27,712	30,457	8,557	1,242	40,256
2010-11	22,471	5,483	27,954	31,005	8,511	1,322	40,838

The following table shows the enrollment projections for the University.

Projected Annual Full-Time Equivalent and Headcount Enrollment

<u>Academic Year</u>	<u>Fall Headcount</u>	<u>Annual Full Time Equivalent</u>		
		<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2011-12	41,000	21,873	5,453	27,326
2012-13	41,500	21,582	5,652	27,234
2013-14	41,500	21,689	5,707	27,396
2014-15	42,000	21,798	5,765	27,563

The table below shows the total enrollment of students by area of origin.

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

<u>Area</u>	<u>Fall 2006</u>	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>
Florida	32,326	33,134	31,886	32,950	33,568
Georgia	935	882	778	712	710
Virginia	426	409	381	382	374
New York	259	311	256	251	235
Texas	267	267	238	228	230
Pennsylvania	264	246	204	203	222
North Carolina	259	265	242	234	229
Maryland	206	206	167	160	142
New Jersey	209	212	180	176	154
Illinois	178	179	155	165	163
California	186	194	172	150	175
All Other States	<u>2,337</u>	<u>2,270</u>	<u>2,065</u>	<u>2,100</u>	<u>2,029</u>
USA Total	37,852	38,575	36,724	37,711	38,231
U.S. Territories	10	20	25	24	18
Non-U.S.A.	<u>2,612</u>	<u>2,470</u>	<u>2,387</u>	<u>2,520</u>	<u>2,589</u>
Total	40,474	41,065	39,136	40,255	40,838

Student Recruitment. The Office of Admissions is responsible for nationally recruiting and enrolling a student body consisting of outstanding academic talent. Students are recruited for whom intense study with faculty in seminars and tutorials will have rich personal meaning. The annual national campaign to recruit and enroll the fall class involves creating and updating publications; communicating with prospective students through direct mail and email campaigns; traveling to selected secondary schools, college fairs, Florida community colleges, and national and regional professional meetings of college placement counselors and admissions officers; and entertaining prospective students through tours, on-campus information sessions, and overnight stays in the residence halls. Affirmative action efforts include special mailings to minority students and hosting on-campus events for students and counselors.

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

**Student Quality Indicators
for First-Time-In-College Students**

	Middle 50% Range	Middle 50% Range	Middle 50% Range
Fall	<u>High School GPA</u>¹	<u>SAT Score</u>¹	<u>ACT Score</u>¹
2006	3.3-3.9	1,090-1,240	23-27
2007	3.3-3.9	1,110-1,260	23-28
2008	3.4-4.0	1,120-1,280	24-28
2009	3.4-4.0	1,120-1,270	24-28
2010	3.5-4.0	1,130-1,280	24-28

¹ Ranges represent the middle 50% statistics. Includes only regularly admitted students who meet the Florida Board of Education's freshman admissions requirements and excludes students admitted under the alternative admissions program.

A second measure of student quality is the University's number of National Merit Scholars, National Achievement Scholars and National Hispanic Scholars. The table below shows the number of National Merit Scholars, National Achievement Scholars and National Hispanic Scholars attending the University.

National Merit, National Achievement and National Hispanic Scholars

Fall	Scholar	New	<u>Other Undergraduate</u>
2006	National Merit Scholars	15	31
	National Achievement Scholars	2	15
	National Hispanic Scholars	2	14
2007	National Merit Scholars	14	41
	National Achievement Scholars	0	12
	National Hispanic Scholars	3	12
2008	National Merit Scholars	9	42
	National Achievement Scholars	1	7
	National Hispanic Scholars	4	9
2009	National Merit Scholars	18	43
	National Achievement Scholars	4	4
	National Hispanic Scholars	4	10
2010	National Merit Scholars	18	51
	National Achievement Scholars	4	5
	National Hispanic Scholars	4	13

The following table shows the degrees awarded to the students at the University.

Degrees's Granted by Discipline

School/College	2007-08				2008-09				2009-10				2010-11			
	B	M	S/P ¹	D ²	B	M	S/P ¹	D ²	B	M	S/P ¹	D ²	B	M	S/P ¹	D ²
Arts & Sciences	1,591	282	-	142	1,608	273	-	138	1,572	266	-	139	1,705	294	-	173
Business	1,457	235	-	21	1,426	266	-	13	1,574	295	-	18	1,657	238	-	19
Communications*	343	134	-	15	358	119	-	9	N/A	-	-	-	N/A	-	-	-
Criminology & Criminal Justice	432	38	-	9	349	35	-	-	386	50	-	3	371	59	-	11
Communications & Information	N/A	-	-	-	N/A	-	-	-	483	415	5	20	442	383	8	17
Education	574	333	51	64	581	400	46	65	551	359	37	38	422	382	50	61
Engineering	266	54	-	22	253	52	-	18	253	43	-	15	229	57	-	18
Human Sciences	731	42	-	16	798	47	-	16	800	52	-	17	782	34	-	22
Information Studies*	103	268	10	8	113	240	1	4	N/A	-	-	-	N/A	-	-	-
Law	-	-	305	-	-	1	263	-	-	4	249	-	-	2	267	-
Medicine	-	-	-	57	-	-	-	76	-	10	-	97	-	13	-	117
Motion Picture, TV/Recording Arts	25	22	-	-	25	29	-	-	26	28	-	-	22	28	-	-
Music	136	101	-	30	146	118	-	34	164	91	-	42	161	115	-	48
Nursing	186	23	-	-	189	24	-	-	220	38	-	-	130	33	-	-
Social Sciences	1,298	235	-	23	1,339	223	-	34	1,475	281	-	32	1,419	268	-	26
Social Work	133	216	-	4	99	192	-	1	106	166	-	7	87	175	-	5
Visual Arts, Theater & Dance	340	92	1	14	346	110	-	9	317	105	-	6	338	91	-	13
Total	7,615	2,075	367	425	7,630	2,129	310	417	7,927	2,203	291	434	7,765	2,172	325	530

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

¹ Includes J.D. degrees

² Includes M.D. degrees

*Effective July 1, 2009, the College of Communications and the College of Information Studies merged to create the College of Communications and Information.

Faculty

In fall 2010, 33.9% of faculty held the rank of Professor, 24.7% were Associate Professors, 16.5% were Assistant Professors, 0.2% were Instructors and 24.7% were in other faculty classifications. Approximately 92% of faculty held terminal degrees. The fall 2010 student to faculty ratio was 22 to 1.

The University's faculty includes nationally and internationally recognized scholars. Faculty members have been elected to serve as members of the National Academy of Sciences and the American Academy of Arts and Sciences. Additionally, a total of six Nobel laureates have served on the staff at Florida State University.

Faculty Data

Academic	Full-Time	Part-Time	Tenured
<u>Year</u>	<u>Faculty</u> ¹	<u>Faculty</u> ¹	<u>Faculty</u> ²
2007-08	2,131	77	836
2008-09	2,085	65	822
2009-10	2,011	61	825
2010-11	1,791	66	829
2011-12	1,771	66	829

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.

Personnel

The University employed the following personnel as of fall 2011:

Traditional Faculty	1,837
OPS Faculty	411
Administrative and Professional Employees	1,834
USPS (Support Personnel)	2,152
Graduate Assistants	2,820
Post Doctorates	204
OPS (Work Study, Temporary, Student Assistants)	2,656
Lab School	110
Librarians	<u>54</u>
Total Employees	12,078

Division of Student Affairs

The University provides students with opportunities outside the classroom to stimulate social and cultural awareness, physical well-being, intellectual expansion and spiritual and moral growth. The Division of Student Affairs works to ensure that all students are able to take advantage of the formal and informal educational experiences offered by the University.

The Vice President for Student Affairs and staff offer and coordinate programs that provide housing, career guidance, mental and physical health care, recreation, child care, self-governance, leadership development, enhancement of academic skills to students and mentoring programs for women. The Oglesby Student Union, with its information center, main lounge and several restaurants and banking facilities, along with the world's only collegiate circus, the Flying High Circus, are under the aegis of Student Affairs. Student Affairs is also responsible for programs and services for international students, disabled students, minority students and student activities and organizations.

One of the goals of Student Affairs is to encourage the moral development of students so that they can make positive contributions to society. To support service learning opportunities, the Campus-Community Partnership Program was established. The Florida Office of Campus Volunteers is hosted by the University and guided by Student Affairs staff, who also assist with the selection of the President's Humanitarian of the Year Award.

Direct Support Organizations

There are currently seven direct-support organizations, which are considered component units of the University including: Florida State University Foundation, Inc., Florida State University Alumni Association, Inc., Florida State University International Programs Association, Inc., Seminole Boosters, Inc., Florida State University Financial Assistance, Inc., Florida State University Research Foundation, Inc. and John and Mable Ringling Museums of Art Foundation, Inc.

Endowments and Fund Raising Efforts

A non-profit 501(c)(3) organization, the Florida State University Foundation, Inc. (the "University Foundation") was organized in 1960, and exists to secure and manage private voluntary contributions. It is specifically responsible for receiving, investing and administering all private gifts and bequests made to the University, except those made to the Florida State University Research Foundation, Incorporated.

Although the University Foundation was chartered in 1960, academic fund-raising was not a priority until 1991 when the University's first capital campaign, Investment in Learning, was launched with a goal of \$200 million. When the Investment in Learning Campaign ended on December 31, 1997, it had raised more than \$301 million.

In the spring of 2000, the Foundation Board of Trustees approved the initiation of the University's second capital campaign and its five-year campaign budget. Florida State University publicly announced the launch of the FSU CONNECT Campaign on October 26, 2001.

FSU CONNECT stands as the largest fundraising effort in the history of Florida State University. The five-year campaign was completed on December 31, 2005 and raised more than \$630 million to support students, faculty and academic programs.

The table below sets forth financial information relating to the University Foundation.

Fiscal Year Ended June 30	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenditures</u>
2005-06	\$465,409,674	\$11,815,440	\$87,435,587	\$34,598,180
2006-07	505,169,961	11,055,825	109,757,932	69,238,030
2007-08	506,246,521	11,351,903	44,896,397	44,115,915
2008-09	415,129,839	18,726,067	(49,545,339)	48,945,507
2009-10	447,345,645	16,800,324	85,339,438	51,197,889

Gifts received by the University Foundation are shown in the table below by donor type.

**Gift Report by Fiscal Year
Current Receipts and Deferred Additions by Donor Type ⁴**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Current Operations:					
Unrestricted	\$576,504	\$659,396	\$255,825	\$158,157	\$137,992
Restricted ¹	26,964,301	37,239,922	16,983,233	27,195,924	36,293,761
Loan Funds	1,006	650	412	-	3,318
Property, Buildings, Equipment	<u>1,918,657</u>	<u>2,086,661</u>	<u>8,078,237</u>	<u>3,386,564</u>	<u>1,676,938</u>
Total Current Gifts	\$29,460,468	\$39,986,629	\$25,317,707	\$30,740,645	\$38,112,009
Endowment:					
Restricted ²	<u>\$18,401,265</u>	<u>\$15,794,309</u>	<u>\$31,156,189</u>	<u>\$16,382,608</u>	<u>\$14,812,500</u>
Total Endowment Gifts	\$18,401,265	\$15,794,309	\$31,156,189	\$16,382,608	\$14,812,500
Total Cash Gifts	\$47,861,733	\$55,780,938	\$56,473,896	\$47,123,253	\$59,924,509
Deferred at Present Value ³	\$2,383,095	\$1,193,672	\$988,364	\$201,337	\$1,021,194

¹ Gifts restricted for use by the University for Academic Support, scholarships, research, etc.

² Endowed gifts restricted for use by the University for Academic Support, scholarships, research, etc.

³ Represents the present value of deferred gifts (trusts and annuities) received during the fiscal year.

⁴ Information for Fiscal Year 2010-11 is not yet available.

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FLORIDA STATE UNIVERSITY

Financial Audit

For the Fiscal Year Ended
June 30, 2010



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2009-10 fiscal year are listed below:

William A. Haggard, Vice Chair from 2-19-10
to 3-18-10, Chair from 3-19-10 (1)
Susie Busch-Transou, Vice Chair from 6-10-10
Jim Smith, Chair to 3-18-10
Harold Knowles, Vice Chair to 1-06-10 (2)
Derrick Brooks
Dustin R. Daniels from 3-22-10 (3)
Emily Fleming Duda
David B. Ford
Manuel Garcia, III
Mark Hillis from 1-07-10
Robert J. Jakubik to 3-21-10 (3)
James E. Kinsey, Jr.
Richard McFarlain to 1-06-10
Leslie Pantin, Jr.
Margaret A. Rolando from 1-07-10
Brent W. Sembler from 3-19-10
Dr. Eric C. Walker (4)

Dr. Eric J. Barron, President
from February 1, 2010

Dr. T. K. Wetherell, President
to January 31, 2010

Notes: (1) Vice Chair position vacant from
March 19, 2010, to June 9, 2010.
(2) Vice Chair position vacant from
January 7, 2010, to February 18, 2010.
(3) Student body president.
(4) Faculty Senate chair.

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

The audit team leader was Kathy Stich, CPA, and the audit was supervised by Cheryl B. Pueschel, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**FLORIDA STATE UNIVERSITY
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the University's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2010. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

Audit Methodology

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



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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



PHONE: 850-488-5534
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 ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Florida State University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2010, which collectively comprise the University's basic financial statements as shown on pages 12 through 42. These financial statements are the responsibility of University management. 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, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida State University and of its aggregate discretely presented component units as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the Florida Medical Practice Plan, Inc. reported financial activities for an 18-month period ended June 30, 2010. This affects the comparability of amounts reported for the 2009-10 fiscal year with amounts reported for the 2008-09 fiscal year.

As discussed in note 2 to the financial statements, the University changed its reporting of the liability for Capital Improvement (Housing, Parking, and Dining) Revenue Bonds and the 2001 Research Foundation Revenue Bonds from bonds payable to capital improvement debt payable during the 2009-10 fiscal year. This change affects the comparability of amounts reported for the 2009-10 fiscal year with amounts reported for the 2008-09 fiscal year.

As discussed in note 3 to the financial statements, the University discontinued reporting bonds payable for State University System Capital Improvement Trust Fund Revenue Bonds on the University's statement of net assets during the 2009-10 fiscal year. This change affects the comparability of amounts reported for the 2009-10 fiscal year with amounts reported for the 2008-09 fiscal year.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Florida State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 11 and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on pages 43 and 44 be presented to supplement the basic financial statements. Such information, although not a required 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 principally of inquiries of management regarding the methods of measurement 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.

Respectfully submitted,



David W. Martin, CPA
January 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of Florida State University (University) for the fiscal year ended June 30, 2010, 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, and financial statements and notes thereto, are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The University's assets totaled \$2.3 billion at June 30, 2010. This balance reflects a \$66.1 million, or 2.9 percent, increase from the 2008-09 fiscal year. Total investments increased by \$53 million or 10 percent and net capital assets increased by \$54 million or 3.6 percent. The amount due from the State decreased by \$36.2 million or 33.4 percent due to a reduction in large construction projects at the University. While assets grew, liabilities decreased by \$69.2 million, or 15.6 percent, totaling \$374.5 million at June 30, 2010, compared to \$443.7 million at June 30, 2009. This decrease was largely due to the removal of \$50 million of State University Capital Improvement Trust Fund Revenue Bonds from the University's books. Further information on this adjustment is presented in note 3 to the financial statements. Additionally, deferred revenues decreased by \$22.8 million, or 27.4 percent, because of a reduction in capital appropriations not yet approved for spending. As a result, the University's net assets increased by \$135.3 million, or 7.5 percent, reaching a year-end balance of \$1.9 billion.

The University's operating revenues totaled \$463.4 million for the 2009-10 fiscal year, representing a 7.1 percent increase over the 2008-09 fiscal year, primarily as a result of tuition increases to offset decreases in State funding. Operating expenses totaled \$894.6 million for the 2009-10 fiscal year, representing an increase of 2.8 percent over the 2008-09 fiscal year due mainly to a related increase in scholarships and fellowships. Net nonoperating revenues for the 2009-10 fiscal year totaled \$462.5 million, representing an increase of 6 percent from the 2008-09 fiscal year primarily due to a decrease in State appropriations, offset by increases in unrealized gains on investments, Federal and State student financial aid, and by new State appropriated American Recovery and Reinvestment Act moneys.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include the Florida State University College of Medicine Self-Insurance Program, eight discretely presented direct-support organizations, and the Florida State University Developmental Research School.

Information regarding these component units, including a description of each and summaries of their separately issued financial statements, is presented in the notes 1, 4, and 17 to the financial statements. This MD&A focuses on the University, excluding the component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports. While audited financial statements for the 2008-09 fiscal year are not presented with this report, condensed data will be presented in the MD&A to illustrate certain increases and decreases.

THE STATEMENT OF NET ASSETS

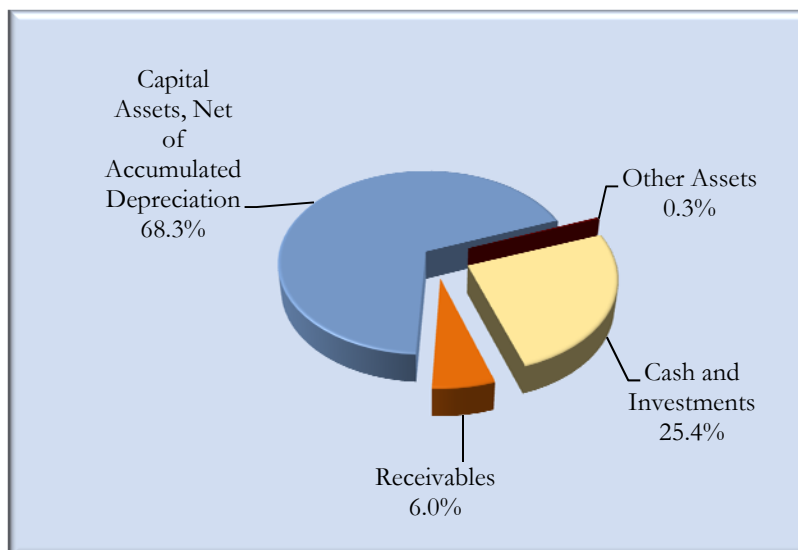
The statement of net assets presents the financial position of the University at fiscal year end. This statement provides a picture of assets minus liabilities and their availability for expenses by the University. The change in net assets is one indicator of whether the overall financial condition of the University has improved or worsened during the year.

The following table shows a condensed statement of net assets at June 30:

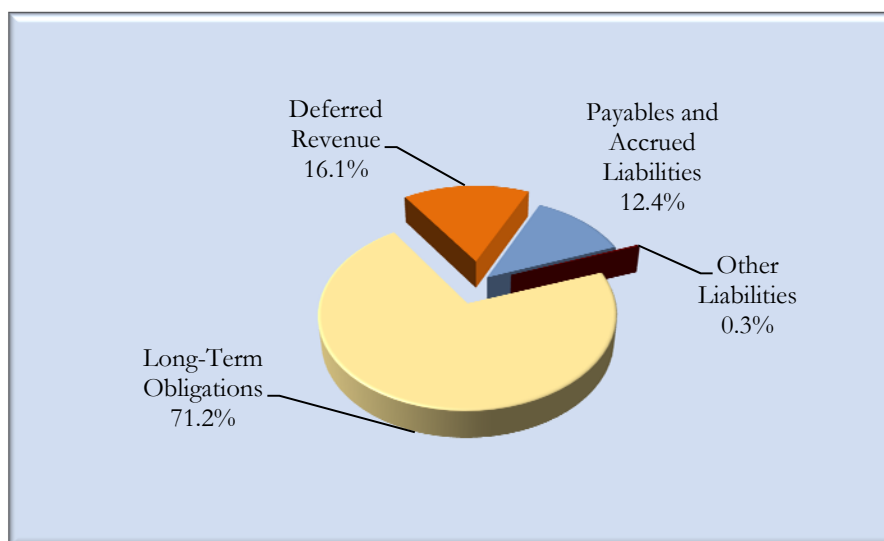
Condensed Statement of Net Assets at June 30
(In Thousands)

	2010	2009
Assets		
Current Assets	\$ 677,815	\$ 662,422
Capital Assets, Net	1,574,125	1,520,147
Other Noncurrent Assets	53,724	57,041
Total Assets	<u>2,305,664</u>	<u>2,239,610</u>
Liabilities		
Current Liabilities	119,505	138,857
Noncurrent Liabilities	254,986	304,874
Total Liabilities	<u>374,491</u>	<u>443,731</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,384,027	1,284,138
Restricted	166,715	169,063
Unrestricted	380,431	342,678
Total Net Assets	<u>\$ 1,931,173</u>	<u>\$ 1,795,879</u>

Assets are what the University owns and are measured in current value, except for property and equipment, which are recorded at historical costs less accumulated depreciation. Assets are categorized as either current or noncurrent. Current assets are generally considered to be convertible to cash within one year. The following chart presents assets by percent:

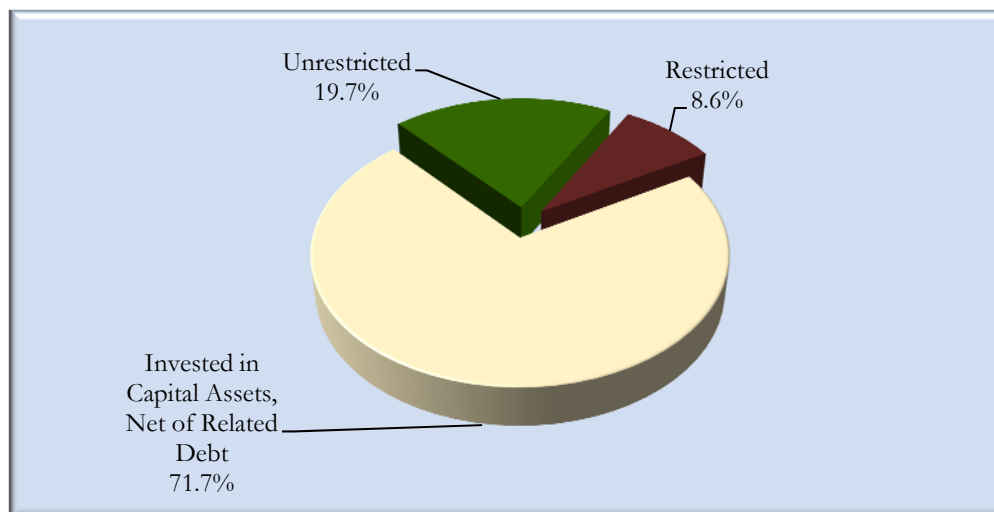
Total Assets

Liabilities are what the University owes to others or what it has collected from others before it has provided the related services. Liabilities are also categorized as either current or noncurrent. Current liabilities are amounts becoming due and payable within the next year. The following chart presents liabilities by percent:

Total Liabilities

Net assets are divided into three categories. Invested in capital assets, net of related debt represents the historical cost of capital assets reduced by the balance of related outstanding debt and accumulated depreciation. Restricted net assets include amounts that have been restricted for use by an external party and are further broken down into nonexpendable and expendable. Restricted expendable net assets include amounts restricted by external parties for such things as debt service, student loans, and capital projects. Finally, unrestricted net assets include amounts institutionally designated or committed to support specific academic and research programs, and for working capital requirements. The following chart presents net asset categories by percent:

Total Net Assets

**THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

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

The following summarizes the University's activity for the 2009-10 and 2008-09 fiscal years:

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets
(In Thousands)**

	2009-10	2008-09
Operating Revenues	\$ 463,406	\$ 432,863
Operating Expenses	<u>(894,644)</u>	<u>(870,250)</u>
Operating Loss	(431,238)	(437,387)
Net Nonoperating Revenues	<u>462,467</u>	<u>436,386</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	31,229	(1,001)
Net Other Revenues	<u>54,030</u>	<u>66,754</u>
Net Increase In Net Assets	<u>85,259</u>	<u>65,753</u>
Net Assets, Beginning of Year	1,795,879	1,730,126
Adjustments to Beginning Net Assets (1)	<u>50,035</u>	<u></u>
Net Assets, Beginning of Year, as Restated	<u>1,845,914</u>	<u>1,730,126</u>
Net Assets, End of Year	<u><u>\$ 1,931,173</u></u>	<u><u>\$ 1,795,879</u></u>

Note: (1) Due to a change in reporting State University System Capital Improvement Trust Fund Revenue Bonds. See note 3 to the financial statements.

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities during the 2009-10 and 2008-09 fiscal years:

Operating Revenues (In Thousands)		
	<u>2009-10</u>	<u>2008-09</u>
Net Tuition and Fees	\$ 156,832	\$ 132,154
Grants and Contracts	170,474	158,283
Sales and Services of Educational Departments	1,325	1,443
Sales and Services of Auxiliary Enterprises	128,657	129,247
Other	6,118	11,736
Total Operating Revenues	\$ 463,406	\$ 432,863

Total operating revenues increased \$30.5 million, or 7.1 percent, with the change being primarily attributable to two factors. Student tuition and fees, net of scholarship allowances, increased by \$24.7 million, or 18.7 percent, mainly due to tuition increases to offset decreases in State funding. Grants and contracts revenues increased by \$12.2 million, or 7.7 percent, primarily driven by an increase in American Recovery and Reinvestment Act (ARRA) funds received by the University.

Operating Expenses

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

The following summarizes the operating expenses by natural classifications for the 2009-10 and 2008-09 fiscal years:

Operating Expenses (In Thousands)		
	<u>2009-10</u>	<u>2008-09</u>
Compensation and Employee Benefits	\$ 524,482	\$ 513,723
Services and Supplies	172,821	171,991
Utilities and Communications	45,831	50,128
Scholarships, Fellowships, and Waivers	84,738	67,212
Depreciation	66,361	67,047
Self-Insurance Claims and Expenses	411	149
Total Operating Expenses	\$ 894,644	\$ 870,250

Operating expenses increased \$24.4 million, or 2.8 percent, for the fiscal year with the change being primarily attributable to an increase of \$17.5 million, or 26.1 percent, in scholarships, fellowships, and waivers. This increase was mainly the result of additional Pell Grant monies disbursed.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2009-10 and 2008-09 fiscal years:

Nonoperating Revenues (Expenses) (In Thousands)		
	2009-10	2008-09
State Appropriations	\$ 302,976	\$ 362,682
Federal and State Student Financial Aid	99,606	82,618
State Appropriated American Recovery and Reinvestment Act Funds	23,376	
Noncapital Grants, Contracts, and Gifts	21,644	18,579
Investment Income	30,959	8,435
Other Nonoperating Revenues	1,050	1,833
Loss on Disposal of Capital Assets	(1,030)	(3,989)
Interest on Capital Asset-Related Debt	(8,813)	(10,784)
Other Nonoperating Expenses	(7,301)	(22,988)
Net Nonoperating Revenues	\$ 462,467	\$ 436,386

Net nonoperating revenues increased by \$26.1 million, or 6 percent. Investment income was up \$22.5 million primarily due to an increase in unrealized gains on investments. Federal and State student financial aid increased by \$17 million, or 20.6 percent, primarily as a result of increased Pell Grant monies received. Other nonoperating expenses decreased by \$15.7 million, or 68.2 percent, primarily because of \$14.6 million in nonoperating expenses recorded in the 2008-09 fiscal year related to a Federal capital contribution liability for the Perkins loan program. State appropriations decreased by \$59.7 million or 16.5 percent, which was partially offset by \$23.4 million in new State appropriated ARRA moneys.

Other Revenues, Expenses, Gains, or Losses

This category is composed of capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2009-10 and 2008-09 fiscal years:

Other Revenues, Expenses, Gains, or Losses (In Thousands)		
	2009-10	2008-09
Capital Appropriations	\$ 40,439	\$ 48,172
Capital Grants, Contracts, Donations, and Fees	13,591	18,582
Total	\$ 54,030	\$ 66,754

Adjustment to Beginning Net Assets

The University recorded a prior period adjustment that increased beginning net assets by \$50 million, which represents the removal of State University System Capital Improvement Trust Fund Revenue Bonds and related deferred charges. Repayment of the bonds is the responsibility of the Florida Board of Governors to be paid from capital improvement fees collected by all Florida universities and remitted in total to the Florida Department of Education. See note 3 to the financial statements for additional information.

THE STATEMENT OF CASH FLOWS

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

The following summarizes cash flows for the 2009-10 and 2008-09 fiscal years:

Condensed Statement of Cash Flows (In Thousands)

	2009-10	2008-09
Cash Provided (Used) by:		
Operating Activities	\$ (361,313)	\$ (351,961)
Noncapital Financing Activities	445,491	444,095
Capital and Related Financing Activities	(75,872)	(73,509)
Investing Activities	(21,203)	(11,434)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,897)	7,191
Cash and Cash Equivalents, Beginning of Year	16,327	9,136
Cash and Cash Equivalents, End of Year	\$ 3,430	\$ 16,327

Major sources of funds came from State appropriations totaling \$304 million, net student tuition and fees totaling \$156.8 million, grants and contracts totaling \$166.8 million, and sales and services of auxiliary enterprises totaling \$128.6 million. Major uses of funds were for payments made to and on behalf of employees totaling \$516.7 million; payments to suppliers totaling \$221.3 million; and payments to and on behalf of students for scholarships totaling \$84.7 million.

CAPITAL ASSETS

At June 30, 2010, the University had \$2.3 billion in capital assets, less accumulated depreciation of \$0.7 billion, for net capital assets of \$1.6 billion. Depreciation charges for the current fiscal year totaled \$66.4 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Thousands)

	2010	2009
Land	\$ 51,087	\$ 48,389
Buildings	1,174,402	1,132,693
Construction in Progress	78,437	65,045
Infrastructure and Other Improvements	72,562	75,301
Furniture and Equipment	90,161	90,202
Library Resources	31,580	30,441
Works of Art and Historical Treasures	73,762	73,678
Computer Software and Other Capital Assets	2,134	4,398
Capital Assets, Net	<u>\$1,574,125</u>	<u>\$1,520,147</u>

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

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses for the 2009-10 fiscal year included the Ruby Diamond Auditorium renovations (\$17.3 million), Johnston Building remodeling (\$14.3 million), Student Success Building (\$7.2 million), and the new Center for Academic and Professional Program Services (\$6.5 million). The University's major capital commitments at June 30, 2010, are as follows:

	Amount (In Thousands)
Total Commitment	\$ 173,737
Completed to Date	<u>(78,437)</u>
Balance Committed	<u>\$ 95,300</u>

CAPITAL DEBT ADMINISTRATION

In prior fiscal years, the University reported bonds payable of \$50.3 million for State University System Capital Improvement Trust Fund Revenue Bonds, \$175.2 million for Capital Improvement Revenue Bonds, and \$19.7 million for the 2001 Research Foundation Revenue Bonds. During the 2009-10 fiscal year it was determined that the State University System Capital Improvement Trust Fund Revenue Bonds were not debt of the University, and an adjustment was made by the University to eliminate the debt. Also, during the 2009-10 fiscal year the liability for the Capital Improvement Revenue Bonds and the 2001 Research Foundation Revenue Bonds was reclassified from bonds payable to capital improvement debt payable. Additional information about the changes in reporting capital debt are included in notes 2 and 3 to the financial statements.

As of June 30, 2010, the University had \$186.6 million in outstanding capital improvement debt payable, and \$1.8 million in installment purchase agreements payable, representing a decrease from the prior fiscal year of \$6.7 million, or 3.5 percent, and \$1.3 million, or 41.4 percent, respectively. The following table summarizes the outstanding long-term capital debt by type for the fiscal years ended June 30:

Long-Term Capital Debt, at June 30
(In Thousands)

	2010	2009
Capital Improvement Debt (1)	\$ 186,588	\$ 193,282
Installment Purchases	1,790	3,057
Total	\$ 188,378	\$ 196,339

Note: (1) Bonds Payable reported at June 30, 2009, have been restated to reflect an adjustment to beginning net assets to recognize a change in reporting Bonds Payable for State University System Capital Improvement Trust Fund Revenue Bonds. The University also reclassified the remaining Bonds Payable to Capital Improvement Debt to report as collateralized debt. See notes 2, 3, and 11 to the financial statements.

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The condition of the State of Florida's economy is the primary factor impacting the University's future. State appropriations declined by \$59.7 million for the 2009-10 fiscal year. This reduction was partially offset by the \$23.4 million of ARRA funds received from the State. State funding has not been enough to keep pace with the growth of the University. Therefore the University must rely more heavily on other revenue streams to maintain its quality programs.

For the 2009-10 fiscal year, gross tuition and fee revenues increased by \$26.1 million. This increase was possible due to a legislative approved 8 percent tuition increase for undergraduates and a tuition differential fee that allowed the University to increase undergraduate tuition up to 15 percent. Also, the University implemented a technology fee of \$4.42 per credit hour in the Fall of 2009. Given the approved increase for 2010-11 fiscal year tuition and fees with the small estimated enrollment increases, revenues should increase for the near future.

Once again, the University finished the 2009-10 fiscal year with an increase in total net assets over the previous year and is well positioned to continue providing excellence in education programs. The University's tuition levels remain relatively low and continue to attract top students. Also the solid support from the State, the ability to attract new research funding, and the outstanding fundraising capabilities are among the factors indicating a bright future for the University.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, other required supplemental information, or requests for additional financial information should be addressed to the University Controller's Office, Florida State University, 2200A University Center, Tallahassee, Florida 32306.

BASIC FINANCIAL STATEMENTS

FLORIDA STATE UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET ASSETS June 30, 2010 (In Thousands)

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,403	\$ 28,592
Investments	544,340	117,837
Accounts Receivable, Net	37,739	26,791
Loans and Notes Receivable, Net	2,140	49
Due from State	72,138	
Due from Component Units/University	12,224	8,386
Inventories	2,621	256
Other Current Assets	3,210	1,341
Total Current Assets	677,815	183,252
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	27	22,633
Restricted Investments	36,817	436,243
Loans and Notes Receivable, Net	13,247	50
Depreciable Capital Assets, Net	1,370,839	131,263
Nondepreciable Capital Assets	203,286	20,167
Other Noncurrent Assets	3,633	91,991
Total Noncurrent Assets	1,627,849	702,347
TOTAL ASSETS	\$ 2,305,664	\$ 885,599
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 15,604	\$ 17,642
Construction Contracts Payable	9,742	
Salaries and Wages Payable	8,172	83
Deposits Payable	4,719	25
Due to State	291	
Due to Component Units/University	7,887	14,445
Deferred Revenue	60,465	24,822
Other Current Liabilities	919	9,625
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	6,919	
Bonds Payable		2,860
Loans and Notes Payable		1,192
Accrued Self-Insurance Claims	268	
Installment Purchases Payable	709	
Compensated Absences Payable	3,810	23
Total Current Liabilities	119,505	70,717

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
June 30, 2010
(In Thousands)

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	\$ 179,669	\$
Bonds Payable		78,605
Loans and Notes Payable		12,757
Installment Purchases Payable	1,081	
Accrued Self-Insurance Claims	1,082	
Compensated Absences Payable	47,994	959
Other Postemployment Benefits Payable	8,632	
Other Noncurrent Liabilities	16,528	22,546
Total Noncurrent Liabilities	<u>254,986</u>	<u>114,867</u>
TOTAL LIABILITIES	<u>374,491</u>	<u>185,584</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,384,027	52,163
Restricted for Nonexpendable:		
Endowment		413,280
Restricted for Expendable:		
Debt Service	276	
Loans	4,275	
Capital Projects	53,681	
Endowment		97,805
Other	108,483	59,698
Unrestricted	380,431	77,069
TOTAL NET ASSETS	<u>1,931,173</u>	<u>700,015</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,305,664</u>	<u>\$ 885,599</u>

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

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010
(In Thousands)

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$98,276 (\$7,641 Pledged for the Parking Facility Capital Improvement Debt)	\$ 156,832	\$
Federal Grants and Contracts	141,405	
State and Local Grants and Contracts	26,366	
Nongovernmental Grants and Contracts	2,703	
Sales and Services of Educational Departments	1,325	
Sales and Services of Auxiliary Enterprises (\$2,066 Pledged for Parking Facility Capital Improvement Debt and \$32,239 Pledged for Housing Facility Capital Improvement Debt)	128,657	
Sales and Services of Component Units		22,313
Royalties and Licensing Fees		11,226
Gifts and Donations		50,907
Interest on Loans and Notes Receivable	257	
Other Operating Revenues	<u>5,861</u>	<u>19,218</u>
Total Operating Revenues	<u>463,406</u>	<u>103,664</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	524,482	32,059
Services and Supplies	172,821	81,336
Utilities and Communications	45,831	557
Scholarships, Fellowships, and Waivers	84,738	
Depreciation	66,361	5,412
Self-Insurance Claims and Expense	<u>411</u>	
Total Operating Expenses	<u>894,644</u>	<u>119,364</u>
Operating Loss	<u>(431,238)</u>	<u>(15,700)</u>
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	302,976	
Federal and State Student Financial Aid	99,606	
State Appropriated American Recovery and Reinvestment Act Funds	23,376	
Noncapital Grants, Contracts, and Gifts	21,644	
Investment Income	13,953	5,805
Unrealized Gains on Investments	17,006	39,757
Other Nonoperating Revenues	1,050	2,341
Investment Expense		(17)
Loss on Disposal of Capital Assets	(1,030)	
Interest on Capital Asset-Related Debt	(8,813)	(1,005)
Other Nonoperating Expenses	<u>(7,301)</u>	<u>(14,079)</u>
Net Nonoperating Revenues	<u>462,467</u>	<u>32,802</u>
Income Before Other Revenues, Expenses, Gains, or Losses	31,229	17,102
Capital Appropriations	40,439	
Capital Grants, Contracts, Donations, and Fees	13,591	4,735
Additions to Permanent Endowments		<u>14,229</u>
Increase in Net Assets	<u>85,259</u>	<u>36,066</u>
Net Assets, Beginning of Year	1,795,879	663,949
Adjustments to Beginning Net Assets	<u>50,035</u>	
Net Assets, Beginning of Year, Restated	<u>1,845,914</u>	<u>663,949</u>
Net Assets, End of Year	<u>\$ 1,931,173</u>	<u>\$ 700,015</u>

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

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010
(In Thousands)

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 156,832
Grants and Contracts	166,841
Sales and Services of Educational Departments	1,332
Sales and Services of Auxiliary Enterprises	128,601
Interest on Loans and Notes Receivable	257
Other Operating Receipts	7,102
Payments to Employees	(516,697)
Payments to Suppliers for Goods and Services	(221,283)
Payments to Students for Scholarships and Fellowships	(84,738)
Net Loans Issued to Students	450
Payments on Self-Insurance Claims	(10)
Net Cash Used by Operating Activities	<u>(361,313)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	304,004
State Appropriated American Recover and Reinvestment Act Funds	23,376
Federal and State Student Financial Aid	117,178
Net Change in Funds Held for Others	(9)
Other Nonoperating Receipts	942
Net Cash Provided by Noncapital Financing Activities	<u>445,491</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	51,315
Capital Grants, Contracts, Donations, and Fees	5,091
Capital Subsidies and Transfers	1
Purchase or Construction of Capital Assets	(116,657)
Principal Paid on Capital Debt	(6,740)
Interest Paid on Capital Debt	(8,882)
Net Cash Used by Capital and Related Financing Activities	<u>(75,872)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments, Net	(34,922)
Investment Income	13,719
Net Cash Used by Investing Activities	<u>(21,203)</u>
Net Decrease in Cash and Cash Equivalents	(12,897)
Cash and Cash Equivalents, Beginning of Year	16,327
Cash and Cash Equivalents, End of Year	<u>\$ 3,430</u>

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010
(In Thousands)

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (431,238)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	66,361
Change in Assets and Liabilities:	
Receivables, Net	(2,967)
Inventories	240
Other Assets	(5,149)
Accounts Payable	1,709
Salaries and Wages Payable	1,751
Accrued Insurance Claims	402
Deposits Payable	1
Compensated Absences Payable	1,078
Deferred Revenue	1,543
Other Liabilities	1
Other Postemployment Benefits Payable	4,955
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (361,313)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED	
FINANCING AND INVESTING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.	\$ 17,006
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.	\$ (1,030)

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

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 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 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 *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Blended Component Unit. Based on the application of the criteria for determining component units, the Florida State University College of Medicine Self-Insurance Program is included within the University reporting entity as a blended component unit. The Self-Insurance Program was created on July 1, 2006, by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes, and provides professional and general liability protection for faculty, medical residents, and students of the College of Medicine. Beginning July 1, 2009, the faculty and staff of the College of Nursing were included under the Self-Insurance Program.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and The Florida State University Schools, Inc., (not a direct-support organization) are included within the University reporting entity as discretely presented component units. 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:

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

- The Florida State University Foundation, Inc. (Foundation) – The University’s fund raising and private support programs are accounted for and reported separately by the Foundation. Foundation revenues include unrestricted and restricted gifts and grants, rental income, and investment income. Foundation expenses include scholarship distributions to students, departmental faculty and staff development support, various memorials and class projects, departmental research, and administrative costs of the Foundation’s development program.
- Seminole Boosters, Inc. (Boosters) – The primary purpose of the Boosters is to stimulate and promote the education, health, and physical welfare of University students by providing financial support from the private sector for the Intercollegiate Athletic Program. Funds raised by the Boosters are utilized for scholarships, recruiting expenses, and authorized travel and entertainment in accordance with the rules and regulations of the National Collegiate Athletic Association. The Boosters financial information includes the activities of the Florida State University Financial Assistance, Inc., as a blended component unit.
 - The Financial Assistance organization was created for the purpose of securing bond financing in accordance with Section 1004.28, Florida Statute. Seminole Boosters, Inc. maintains direct control of Financial Assistance and each year makes significant transfers to them to help service the bond debt.
- Florida State University International Programs Association, Inc. – The purpose of the International Programs Association is to promote intercultural activities among students, educators, and others. It provides teaching, studying, research, and conference opportunities to U.S. students, scholars, and other professionals and community groups through Florida State University Study-Abroad Programs in England, Italy, Costa Rica, and other sites.
- Florida State University Alumni Association, Inc. (Alumni Association) – The Alumni Association serves as a connecting link between alumni and the University. The nature and purpose of the Alumni Association is to aid, strengthen, and expand Florida State University and its alumni. The Alumni Association utilizes private gifts, devises, other contributions, and advertising income to publish and exchange information with University alumni, to assist the University’s development programs, and to provide public and community service.
- The Florida State University Research Foundation, Inc. (Research Foundation) – The Research Foundation was established to promote and assist the research and training activities of the University through income from contracts, grants, and other sources, including income derived from the development and commercialization of the University’s work products.
- The John and Mable Ringling Museum of Art Foundation, Inc. (Museum Foundation) – The Museum Foundation was established to provide charitable and educational aid to the University’s John and Mable Ringling Museum of Art. An annual agreement is executed between the Museum and the Foundation to allow the Foundation to act as the direct-support organization for the Museum.
- Florida Medical Practice Plan, Inc. (FMPP) – FMPP’s purpose is to improve and support medical education in the Florida State University College of Medicine. FMPP changed its fiscal year end from December 31 to June 30 to have the same fiscal period as the University. FMPP’s financial statements shown in note 17 are for the 18-month period ended June 30, 2010. This affects the comparability of amounts reported for the 2009-10 fiscal year with amounts reported for the 2008-09 fiscal year.

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

- Florida State University Magnet Research and Development, Inc. (Magnet Research and Development Organization) – The Magnet Research and Development Organization was incorporated to promote, encourage, and assist the research and training activities of faculty, staff, and students of the Florida State University and specifically to design, develop, invent, assemble, construct, test, repair, maintain, and fabricate magnets or magnet systems of any type or design.

The Florida State University Schools, Inc. – The Developmental Research School is a charter school established pursuant to Section 1002.33(5)(a), Florida Statutes. The School provides a setting where University faculty, School faculty, and graduate students can design, demonstrate, and analyze the effectiveness of new instructional materials, technological advances, and strategies under controlled conditions. It also offers an environment for the systematic research, evaluation, and development of commercial or prototype materials and techniques adaptable to other Florida public schools and supported by School and University researchers or private sector partners.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Condensed financial statements are not presented for the following direct-support organizations that were not operational during the fiscal year or had activity that was determined to be immaterial to the University's financial statements.

- The Florida State University Performing Arts Center Foundation, Inc., was approved by the Board of Trustees on September 15, 2006, to raise money for building maintenance and improvement for the Center in Sarasota, Florida.
- Florida State University College of Business Investment Fund, Inc., was approved by the Board of Trustees on September 19, 2008, to support a student management investment fund and other FSU College of Business programs.

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

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

- Statement of Revenues, Expenses, and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements

➤ Other Required Supplementary Information

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

The University's discretely presented component units use the accrual basis of accounting whereby revenues are earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting except for the Foundation, which follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The University applies all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, has elected to apply only those FASB pronouncements issued on or after November 30, 1989, not in conflict with GASB standards.

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

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

The statement of net assets 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 assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship 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

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

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 scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered third-party aid.

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

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

Capital Assets. University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, and computer software and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$1,000 for tangible personal property, \$50,000 for new buildings, and \$100,000 for building improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 10 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Computer Software and Other Capital Assets – 5 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable, installment purchases payable, accrued self-insurance claims, compensated absences payable, other postemployment benefits payable, 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, issuance costs paid from debt proceeds, and deferred losses on refundings. The University amortizes debt premiums and discounts and issuance costs paid from debt proceeds over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

2. REPORTING CHANGES

In prior fiscal years, the University reported the liability for Capital Improvement (Housing, Parking, and Dining) Revenue Bonds, and the 2001 Research Foundation Revenue Bonds issued by the Florida Board of Governors on behalf of the University and the Research Foundation, as bonds payable on the statement of net assets. The Florida Board of Governors loaned the bond proceeds to the University and the Research Foundation for the stated capital improvement projects. Pursuant to an agreement with the Florida Board of Governors, revenues to be generated from the constructed facilities were pledged by the University and the Research Foundation to repay the bonds. Pursuant to GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, the liability for the Capital Improvement Revenue Bonds and the Research Foundation Revenue Bonds should be reported as collateralized borrowing. Accordingly, for the 2009-10 fiscal year, the University began reporting the outstanding liability for these bonds as capital improvement debt payable. When reclassifying these liabilities from bonds payable to capital improvement debt payable the University eliminated the related deferred charges for unamortized debt issuance costs paid from debt proceeds by netting the outstanding balance with bonds payable. This change affects the comparability of amounts reported as bonds payable, deferred charges, and capital improvement debt payable on the statement of net assets for the 2009-10 fiscal year with amounts reported for the 2008-09 fiscal year.

3. PRIOR PERIOD ADJUSTMENTS

The University's beginning net assets was increased by \$50,035,110 to record a change in reporting bonds payable for State University System Capital Improvement Trust Fund Revenue Bonds. In prior fiscal years the liability for these bonds was reported on the University's statement of net assets. It has subsequently been determined that these bonds are not debt of the University. Although proceeds from the bonds were provided to the University for capital projects, the University is not responsible for the repayment of the bonds. Repayment of the bonds is the responsibility of the Florida Board of Governors to be paid from capital improvement fees collected by all Florida universities and remitted in total to the Florida Department of Education.

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 approved a written investment policy on June 25, 2010; however, this policy did not take effect until the fiscal year beginning July 1, 2010. As such, pursuant to Sections 218.415(17) and 1011.42(5), Florida Statutes, the University was authorized to invest in the Local Government Surplus Funds Trust Fund 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;

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and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The University reported investments at fair value totaling \$580,940,243 at June 30, 2010, 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 Aa by Standard & Poor's and had an effective duration of 1.81 years at June 30, 2010. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments at fair value totaling \$216,734 at June 30, 2010, 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 or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Component Units Investments

Investments held by the University's component units at June 30, 2010, are reported at fair market value as follows:

Investment Type	The Florida State University Foundation, Inc.	Florida State University Alumni Association, Inc.	Seminole Boosters, Inc.	The Florida State University Research Foundation, Inc.	The John and Mable Ringling Museum of Art Foundation, Inc.	Florida State University Schools, Inc.	Total
External Investment Pools:							
SBA - PRIME	\$	\$	\$	\$ 100,171,674	\$	\$	\$100,171,674
SBA - Fund B				1,160,967			1,160,967
SBA - CAMPMM - Restricted				272,277			272,277
Certificates of Deposit		164,081					164,081
Money Market Funds	15,546,732					4,729,943	20,276,675
U.S. Government Obligations					2,736,140		2,736,140
Stocks and Other Equity Securities			15,425,679				15,425,679
Real Estate Investments	388,741		16,166,689				16,555,430
Mutual Funds	296,631,488		15,313,498		440,843		312,385,829
Investment Agreements	84,931,112						84,931,112
Total Component Unit Investments	\$ 397,498,073	\$ 164,081	\$46,905,866	\$ 101,604,918	\$ 3,176,983	\$ 4,729,943	\$554,079,864

External Investment Pools

State Board of Administration Florida PRIME

The Research Foundation reported investments at fair value totaling \$100,171,674 at June 30, 2010, in the SBA Local Government Surplus Trust Funds Trust Fund Investment Pool, which effective July 1, 2009,

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became known as Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool at June 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 46 days at June 30, 2010. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

State Board of Administration Fund B Surplus Funds Trust Fund

On December 4, 2007, the SBA restructured the Local Government Surplus Funds Trust Fund to establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME investment pool.

At June 30, 2010, the Research Foundation reported investments at fair value of \$1,160,967, for amounts held in the Fund B. The investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.6735 at June 30, 2010. The weighted-average life (WAL) of Fund B at June 30, 2010, was 8.05 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2010. WAL measures the sensitivity of Fund B to interest rate changes. The component unit's investment in Fund B is unrated.

State Board of Administration Commingled Asset Management Program

The Research Foundation reported investments at fair value totaling \$272,277 at June 30, 2010, in the Commingled Asset Management Program (CAMP) administered by the SBA. All securities purchased are consistent with Section 215.47, Florida Statutes, and may be loaned to qualified borrowers in accordance with Florida Statutes. These funds are invested in the CAMP Money Market Restricted pool (CAMPMM - Restricted).

The Research Foundation's written investment policy authorizes investment in highly diversified index funds that utilize futures, options, and other securities authorized under Section 215.47, Florida Statutes. The Research Foundation's investment policy for these diversified index funds does not specifically address interest rate risk or credit risks. The Research Foundation relies on policies developed by SBA for managing interest rate risk and credit risk for this account. The SBA has taken the position that participants in the CAMPMM - Restricted pool are required to disclose information related to interest rate risk and credit risk. This investment pool was not ranked by a nationally recognized rating agency as of June 30, 2010. The

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CAMPMM - Restricted pool principally consists of segregated securities, which are securities originally purchased for the Commingled Asset Management Pool Money Market Fund (CAMPMM) that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; or (4) experienced elevated market illiquidity. Participants in the CAMPMM - Restricted pool receive periodic distributions to the extent that the CAMPMM - Restricted pool receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sales of securities, collateral liquidation, or other restructure and workout activities undertaken. The WAL (based on expected future cash flows) of the CAMPMM - Restricted pool at June 30, 2010, is estimated at 8.05 years. However, because the CAMPMM - Restricted pool consists of restructured or defaulted securities there is considerable uncertainty regarding the WAL.

Other Component Unit Investments

For the component units, the majority of investments are those reported by the Foundation. Because the Foundation reports under the FASB reporting model, disclosure of the various investment risks is not required for the Foundation's investments. The following are required risk disclosures applicable to investments of the remaining component units, which report under the GASB reporting model.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The John and Mable Ringling Museum of Art Foundation, Inc. (Museum Foundation), investment policy limits the investment activity of the Fine Arts Endowment to United States Government securities with maturities not to exceed five years. The Museum Foundation's investment policy does not limit the investment maturities of the remaining 30 percent of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates. The Seminole Boosters, Inc., Florida State University Alumni Association, Inc., and the Florida State University Schools, Inc., do not have written investment policies addressing interest rate risk. Investments of these component units in debt securities, money market and mutual funds, and certificates of deposit, have their future maturities at June 30, 2010, as follows:

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Investment Type	Investment Maturities			
	Fair Value	Daily	(In Years)	
			Less than 1	1-5
The John and Mable Ringling Museum of Art Foundation, Inc.				
U.S. Government Obligations	\$ 2,736,140	\$	\$ 1,547,674	\$ 1,188,466
Mutual Funds	440,843		440,843	
Total	\$ 3,176,983	\$	\$ 1,988,517	\$ 1,188,466
Seminole Boosters, Inc.				
Mutual Funds	\$ 15,313,498	\$ 15,313,498	\$	\$
Florida State University Alumni Association, Inc.				
Certificates of Deposit	\$ 164,081	\$	\$ 164,081	\$
Florida State University Schools, Inc.				
Money Market Funds	\$ 4,729,943	\$	\$ 4,729,943	\$

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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. At June 30, 2010, The John and Mable Ringling Museum of Art Foundation, Inc., had \$440,843 of mutual funds that were not rated, Seminole Boosters, Inc., had \$15,313,498 of mutual funds rated as AAAm by Standard & Poor's, and The Florida State University Schools, Inc., had \$4,729,943 of money market funds rated as Aaa by Standards & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit 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 component unit and are not registered in the component unit's name. The John and Mable Ringling Museum of Art Foundation, Inc., the Seminole Boosters, Inc., the Florida State University Alumni Association, Inc., and the Florida State University Schools, Inc., do not have written investment policies addressing custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the component unit's investment in a single issuer. The John and Mable Ringling Museum of Art Foundation, Inc., investment policy provides that the maximum amount that may be invested in the securities of an individual issuer other than the United States Government and its agencies shall not exceed five percent of the market value of the portfolio. The Seminole Boosters, Inc., investment policy provides that investment in any one issuer must be limited to five percent at cost and seven percent of the market value of the portfolio. The Florida State University Schools, Inc., does not have a written investment policy addressing concentration of credit risk.

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5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2010, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 9,716,738
Contracts and Grants	21,938,311
Sales and Services of Educational Departments	32,541
Sales and Services of Auxiliary Enterprises	4,977,876
Interest	1,423,700
Other	1,020,444
Total Accounts Receivable	\$ 39,109,610

Loans and Notes Receivable. Loans and notes receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of \$1,370,545 and \$1,684,275, respectively, at June 30, 2010.

No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

6. DUE FROM STATE

This amount primarily consists of \$72,137,632 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations 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, 2010. The University's component units' financial statements are reported as of the most recent fiscal year for which an audit report is available. One component unit has a fiscal year other than June 30. Accordingly, amounts reported by the University as due from and to component units on the statement of net assets do 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:

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- 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 assets.
- Merchandise Inventory – 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 assets, and are valued at cost using either the moving average method, actual cost, first-in, first-out or last invoice cost method.

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 48,388,935	\$ 2,698,176	\$	\$ 51,087,111
Works of Art and Historical Treasures	73,677,639	163,557	79,071	73,762,125
Construction in Progress	65,045,344	84,485,326	71,093,461	78,437,209
Total Nondepreciable Capital Assets	\$ 187,111,918	\$ 87,347,059	\$ 71,172,532	\$ 203,286,445
Depreciable Capital Assets:				
Buildings	\$ 1,417,863,167	\$ 70,868,148	\$ 382,784	\$ 1,488,348,531
Infrastructure and Other Improvements	115,186,859	1,110,079		116,296,938
Furniture and Equipment	304,130,445	26,884,693	11,987,252	319,027,886
Library Resources	107,106,554	8,365,940	1,372,007	114,100,487
Computer Software and Other Capital Assets	29,569,807	455,706	151,212	29,874,301
Total Depreciable Capital Assets	1,973,856,832	107,684,566	13,893,255	2,067,648,143
Less, Accumulated Depreciation:				
Buildings	285,169,557	29,036,829	260,225	313,946,161
Infrastructure and Other Improvements	39,886,452	3,848,594		43,735,046
Furniture and Equipment	213,927,967	23,607,021	8,667,856	228,867,132
Library Resources	76,665,719	7,227,180	1,372,007	82,520,892
Computer Software and Other Capital Assets	25,171,677	2,641,057	72,852	27,739,882
Total Accumulated Depreciation	640,821,372	66,360,681	10,372,940	696,809,113
Total Depreciable Capital Assets, Net	\$ 1,333,035,460	\$ 41,323,885	\$ 3,520,315	\$ 1,370,839,030

10. DEFERRED REVENUE

Deferred revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2010, to spend the funds, student tuition and fees, and other revenue received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2010, the University reported the following amounts as deferred revenue:

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<u>Description</u>	<u>Amount</u>
Capital Appropriations	\$ 37,800,000
Athletic Revenues	10,498,168
Sponsored Research	5,840,364
Housing Fees	6,271,235
Other	55,502
Total Deferred Revenue	\$ 60,465,269

11. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2010, include capital improvement debt payable, installment purchases payable, accrued self-insurance claims, compensated absences payable, other postemployment benefits payable, and other noncurrent liabilities. Other noncurrent liabilities consist mainly of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan program. This amount will ultimately be returned to the Federal government should the University cease making Federal Perkins Loans or has excess cash in the loan program. Long-term liabilities activity for the fiscal year ended June 30, 2010, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable (1)	\$193,281,500	\$	\$ 6,693,685	\$ 186,587,815	\$ 6,918,684
Installment Purchases Payable	3,057,092		1,267,498	1,789,594	708,775
Accrued Self-Insurance Claims	948,554	411,492	9,569	1,350,477	268,327
Compensated Absences Payable	50,725,586	4,521,370	3,443,059	51,803,897	3,809,540
Other Postemployment Benefits Payable	3,677,000	8,038,000	3,083,000	8,632,000	
Other Noncurrent Liabilities	16,564,103	19,969	55,503	16,528,569	
Total Long-Term Liabilities	\$268,253,835	\$12,990,831	\$14,552,314	\$266,692,352	\$11,705,326

Note: (1) The University recorded an adjustment to beginning net assets to recognize a change in the reporting of Bonds Payable for State University System Capital Improvement Trust Fund Revenue Bonds totaling \$50,035,110, which was net of deferred charges of \$242,725. The University also reclassified Capital Improvement Revenues Bonds and the 2001 Research Foundation Revenue Bonds totaling \$193,281,500, which was net of deferred charges of \$1,613,767 from bonds payable to capital improvement debt payable. See Notes 2 and 3.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2010:

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Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
1993 Housing	\$ 3,500,000	\$ 1,813,207	3.0	2022
2001 Housing	9,000,000	7,250,215	4.2 - 5.0	2030
2001A Housing	25,500,000	21,144,521	4.3 - 5.0	2031
2004A Housing	23,145,000	18,669,563	3.0 - 4.5	2034
2005A Housing	71,285,000	68,841,929	3.75 - 5.0	2035
Total Student Housing Debt	132,430,000	117,719,435		
2001 Parking	10,310,000	7,086,390	4.5 - 5.125	2022
2003A Parking	5,585,000	2,153,635	3.4 - 3.75	2014
2003B Parking	15,645,000	11,264,656	3.2 - 4.5	2023
2005A Parking	11,270,000	9,234,263	3.75 - 5.0	2025
2007A Parking	13,230,000	11,522,936	4.0 - 4.625	2026
Total Student Parking Debt	56,040,000	41,261,880		
2005A Dining	10,000,000	8,441,500	5.083 (2)	2025
Total Auxiliary Debt	198,470,000	167,422,815		
2001 Research Foundation Revenue Debt	22,590,000	19,165,000	4.0 - 4.875	2031
Total Capital Improvement Debt	\$ 221,060,000	\$ 186,587,815		

Notes: (1) Amount outstanding includes unamortized discounts and premiums, issuance costs paid from debt proceeds, and deferred losses on refunding issues.

(2) Rate listed is for interest payments through July 1, 2012. Rates are still to be determined for interest payments after July 1, 2012.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed student transportation fee based on credit hours to repay \$188.5 million in capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student parking garages and student housing facilities, and other student service facilities. The bonds are payable solely from housing rental income, traffic and parking fees, and an assessed student transportation fee based on credit hours and are payable through 2035. The University has committed to appropriate each year from the housing rental income and traffic and parking fees and assessed student transportation fee amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$251.5 million, and principal and interest paid for the current year totaled \$13.3 million. During the 2009-10 fiscal year housing rental income and traffic, parking, and transportation fees totaled \$32,238,785 and \$9,707,105, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2010, are as follows:

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<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 6,965,000	\$ 8,649,143	\$ 15,614,143
2012	7,225,000	8,383,900	15,608,900
2013	7,510,000	8,105,163	15,615,163
2014	7,805,000	7,804,242	15,609,242
2015	7,530,000	7,467,414	14,997,414
2016-2020	43,050,000	31,905,142	74,955,142
2021-2025	47,495,000	21,088,218	68,583,218
2026-2030	34,640,000	10,974,488	45,614,488
2031-2035	23,930,000	3,249,831	27,179,831
Subtotal	186,150,000	107,627,541	293,777,541
Less: Unamortized Loss on Refundings	(615,898)		(615,898)
Less: Unamortized Issuance Costs	(1,531,434)		(1,531,434)
Plus: Net Unamortized Discounts and Premiums	2,585,147		2,585,147
Total	<u>\$ 186,587,815</u>	<u>\$ 107,627,541</u>	<u>\$ 294,215,356</u>

Installment Purchases Payable. The University has entered into several installment purchase agreements for the purchase of equipment reported at \$6,143,208. The stated interest rates ranged from 2.43 percent to 3.78 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2010, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2011	\$ 724,242
2012	451,623
2013	214,191
2014	134,412
2015	134,412
2016-2017	235,220
Total Minimum Payments	1,894,100
Less, Amount Representing Interest	(104,506)
Present Value of Minimum Payments	<u>\$ 1,789,594</u>

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Regulations, University Regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State 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, 2010, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled

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\$51,803,897. 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.

Other Postemployment Benefits Payable. The University follows Governmental Accounting Standards Board 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 the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2009-10 fiscal year, 1,141 retirees received postemployment healthcare benefits. The University provided required contributions of \$3,083,000 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 \$4,323,000.

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 Governmental Accounting Standards Board Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

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<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 4,124,000
Amortization of Unfunded Actuarial Accrued Liability	3,582,000
Interest on Normal Cost and Amortization	308,000
Annual Required Contribution	8,014,000
Interest on Net OPEB Obligation	147,000
Adjustment to Annual Required Contribution	(123,000)
Annual OPEB Cost (Expense)	8,038,000
Contribution Toward the OPEB Cost	(3,083,000)
Increase in Net OPEB Obligation	4,955,000
Net OPEB Obligation, Beginning of Year	3,677,000
Net OPEB Obligation, End of Year	<u><u>\$ 8,632,000</u></u>

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, 2010, and for the transition and preceding years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Beginning Balance, July 1, 2007	\$		\$
2007-08	4,479,000	58%	1,882,000
2008-09	4,243,000	63%	3,677,000
2009-10	8,038,000	38%	8,632,000

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$107,457,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$107,457,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$344,724,148 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

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, 2009, used the entry-age cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2010, and the University's 2009-10 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 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year. Initial healthcare cost trend rates were 10.32 percent, and was 8.84 percent for the first two years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 10 percent for the first two years for all retirees in the Health Maintenance Organization (HMO) plan. The PPO and HMO healthcare trend rates are both 7 percent in the third year grading identically to 5.10 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 27 years.

12. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to 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. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military 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 and death benefits, and annual cost-of-living adjustments.

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 employer. An employee may participate in the DROP for a period not to exceed 60 months after

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2009-10 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Senior Management Service	0.00	13.12
Florida Retirement System, Special Risk	0.00	20.92
Teachers' Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The University's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. The University's contributions, including employee contributions, for the fiscal years ended June 30, 2008, June 30, 2009, and June 30, 2010, totaled \$15,534,272, \$16,157,988, and \$15,671,982, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 581 University participants during the 2009-10 fiscal year. Required contributions made to the PEORP totaled \$2,340,130.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on 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, Division of Retirement.

**FLORIDA STATE UNIVERSITY
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JUNE 30, 2010**

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 the FRS for six 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 on behalf of the participant 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

There were 2,098 University participants during the 2009-10 fiscal year. Required employer contributions made to the Program totaled \$17,507,773 and employee contributions totaled \$7,877,791.

13. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2010, are as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Johnston Building	\$ 49,715,692	\$ 19,516,894	\$30,198,798
Ruby Diamond Auditorium	39,235,597	33,255,238	5,980,359
Nursing/Health Facility	18,041,163	2,945,460	15,095,703
Wildwood Halls Phase II	7,892,543	1,846,524	6,046,019
Ringling Circus Museum	7,092,444	1,751,688	5,340,756
Other (1)	51,759,484	19,121,405	32,638,079
Total	\$173,736,923	\$ 78,437,209	\$95,299,714

Note: (1) All other projects with committed balances less than \$5 million.

14. RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2009-10 fiscal year, for property losses, the State retained 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 \$40 million for named wind and flood through

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

February 14, 2010, and increased to \$58.75 million starting February 15, 2010. 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 \$100,000 per person, and \$200,000 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. 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 group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

University Self-Insurance Program

The Florida State University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes, on July 1, 2006. Effective July 1, 2009, the faculty and staff of the College of Nursing were added to the Self-Insurance Program. The Self-Insurance Program provides professional and general liability protection for the University for claims and actions arising from the clinical activities of the faculty, medical residents and students of the College of Medicine and College of Nursing, and includes the College's two residency programs based at Sacred Heart Hospital in Pensacola, Florida.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program provides: \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$100,000 for a claim arising from an occurrence for any one person, \$250,000 for all claims arising from an occurrence and professional liability required by a hospital or other health care facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liabilities for the Self-Insurance Program during the 2009-10 and 2008-09 fiscal years are presented in the follow table:

FLORIDA STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims/ Changes in Estimates	Claims Payments	Claims Liabilities End of Year
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2008-09	\$ 812,481	\$ 149,072	\$ 12,999	\$ 948,554
2009-10	948,554	411,492	9,569	1,350,477

15. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 255,231,061
Research	114,647,449
Public Services	38,969,517
Academic Support	42,844,604
Student Services	29,688,021
Institutional Support	69,190,886
Operation and Maintenance of Plant	55,128,645
Scholarships and Fellowships	84,737,657
Depreciation	66,360,681
Auxiliary Enterprises	137,166,087
Loan Operations	679,419
Total Operating Expenses	<u><u>\$ 894,644,027</u></u>

16. 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. The following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more debt instruments are outstanding:

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Condensed Statement of Net Assets

	Parking Facility Capital Improvement Debt	Housing Facility Capital Improvement Debt
Assets		
Current Assets	\$ 4,739,435	\$ 20,630,034
Capital Assets, Net	62,993,548	170,655,213
Other Noncurrent Assets	1,961,081	25,924,927
Total Assets	<u>69,694,064</u>	<u>217,210,174</u>
Liabilities		
Current Liabilities	2,947,572	12,741,019
Noncurrent Liabilities	39,140,195	115,896,374
Total Liabilities	<u>42,087,767</u>	<u>128,637,393</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	21,731,667	52,935,778
Restricted - Expendable	3,710,643	24,556,415
Unrestricted	2,163,987	11,080,588
Total Net Assets	<u>\$ 27,606,297</u>	<u>\$ 88,572,781</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

	Parking Facility Capital Improvement Debt	Housing Facility Capital Improvement Debt
Operating Revenues	\$ 9,707,105	\$ 32,238,785
Depreciation Expense	(1,534,803)	(1,335,024)
Other Operating Expenses	(4,172,315)	(16,925,472)
Operating Income	3,999,987	13,978,289
Net Nonoperating Expenses	(1,109,030)	(3,968,111)
Income Before Other Revenues, Expenses, Gains, or Losses	2,890,957	10,010,178
Other Revenues, Expenses, Gains, or Losses	(164,780)	(404,736)
Increase in Net Assets	2,726,177	9,605,442
Net Assets, Beginning of Year	24,880,120	78,967,339
Net Assets, End of Year	<u>\$ 27,606,297</u>	<u>\$ 88,572,781</u>

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

Condensed Statement of Cash Flows

	Parking Facility Capital Improvement Debt	Housing Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	\$ 6,086,119	\$ 15,465,971
Noncapital Financing Activities	(164,780)	(404,736)
Capital and Related Financing Activities	(5,583,154)	(13,492,256)
Investing Activities	(374,387)	(1,596,604)
Net Decrease in Cash and Cash Equivalents	(36,202)	(27,625)
Cash and Cash Equivalents, Beginning of Year	4,145,752	15,556,989
Adjustment to Cash and Cash Equivalents, Beginning of Year (1)	(4,104,454)	(15,506,776)
Cash and Cash Equivalents, Beginning of Year - Restated	41,298	50,213
Cash and Cash Equivalents, End of Year	<u>\$ 5,096</u>	<u>\$ 22,588</u>

Note: (1) Cash and cash equivalents, beginning of year, have been restated to align the presentation with the methodology used for the University's statement of cash flows.

17. COMPONENT UNITS

The University has eleven component units as discussed in note 1, nine of which had activity during the 2009-10 fiscal year. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

	Direct-Support Organizations								Other	Total
	The Florida State University Foundation, Inc. 6-30-2010	Seminole Boosters, Inc. 6-30-2010	Florida State University International Programs Association, Inc. 9-30-2009	Florida State University Alumni Association, Inc. 6-30-2010	The Florida State University Research Foundation, Inc. 6-30-2010	The John and Mable Ringling Museum of Art Foundation, Inc. 6-30-2010	Florida Medical Practice Plan, Inc. 6-30-2010	Florida State University Magnet Research and Development, Inc. 6-30-2010	Florida State University Schools, Inc. 6-30-2010	
Condensed Statement of Net Assets										
Assets:										
Current Assets	\$ 16,237,087	\$ 39,732,247	\$ 5,630,554	\$ 823,154	\$ 102,389,094	\$ 2,302,100	\$ 1,606,314	\$ 1,472,151	\$ 13,059,494	\$ 183,252,195
Capital Assets, Net	1,616,788	92,956,399	20,795,265	118,586	9,595,163	217,392			26,131,138	151,430,731
Other Noncurrent Assets	429,491,770	116,147,638	7,025	109,632	3,394,338	1,765,869				550,916,272
Total Assets	447,345,645	248,836,284	26,432,844	1,051,372	115,378,595	4,285,361	1,606,314	1,472,151	39,190,632	885,599,198
Liabilities:										
Current Liabilities	10,617,470	31,774,173	2,224,909	111,600	22,979,800	109,925	748,408	700,353	1,450,192	70,716,830
Noncurrent Liabilities	6,182,854	77,402,673	12,526,470	15,714	337,352				18,402,168	114,867,231
Total Liabilities	16,800,324	109,176,846	14,751,379	127,314	23,317,152	109,925	748,408	700,353	19,852,360	185,584,061
Net Assets:										
Invested in Capital Assets, Net of Related Debt	1,616,788	27,670,851	6,846,345	118,586	8,567,152	217,392			7,126,138	52,163,252
Restricted	465,819,716	102,667,558				2,095,334			200,057	570,782,665
Unrestricted	(36,891,183)	9,321,029	4,835,120	805,472	83,494,291	1,862,710	857,906	771,798	12,012,077	77,069,220
Total Net Assets	\$ 430,545,321	\$ 139,659,438	\$ 11,681,465	\$ 924,058	\$ 92,061,443	\$ 4,175,436	\$ 857,906	\$ 771,798	\$ 19,338,272	\$ 700,015,137
Condensed Statement of Revenues, Expenses, and Changes in Net Assets										
Operating Revenues	\$ 25,547,069	\$ 27,280,152	\$ 11,420,941	\$ 1,693,950	\$ 13,393,731	\$ 1,428,304	\$ 10,464,694	\$ 391,052	\$ 12,043,698	\$ 103,663,591
Operating Expenses	49,497,965	30,860,802	9,924,866	1,707,926	12,030,429	1,334,586	1,968,724	454,246	11,584,442	119,363,986
Operating Income (Loss)	(23,950,896)	(3,580,650)	1,496,075	(13,976)	1,363,302	93,718	8,495,970	(63,194)	459,256	(15,700,395)
Net Nonoperating Revenues (Expenses)	44,709,008	(1,856,690)	385,964	95,215	(1,825,107)	67,956	(7,948,877)	2,235	(826,914)	32,802,790
Other Revenues, Expenses, Gains, and Losses	13,383,437	3,530,808							2,049,576	18,963,821
Increase (Decrease) in Net Assets	34,141,549	(1,906,532)	1,882,039	81,239	(461,805)	161,674	547,093	(60,959)	1,681,918	36,066,216
Net Assets, Beginning of Year	396,403,772	141,565,970	9,799,426	842,819	92,523,248	4,013,762	310,813	832,757	17,656,354	663,948,921
Net Assets, End of Year	\$ 430,545,321	\$ 139,659,438	\$ 11,681,465	\$ 924,058	\$ 92,061,443	\$ 4,175,436	\$ 857,906	\$ 771,798	\$ 19,338,272	\$ 700,015,137

**FLORIDA STATE UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

18. SUBSEQUENT EVENTS

On July 15, 2010, the University received a \$32,196,570 distribution from the sale of Florida State University Mandatory Student Fee Revenue Capital Improvement Debt, Series 2010A with a par value of \$31,320,000. The proceeds from this debt will be used for the construction of the University's Student Wellness Center.

Additionally, on August 5, 2010, the University received a \$18,212,507 distribution from the sale of Florida State University Dormitory Revenue Capital Improvement Debt, Services 2010A with a par value of \$18,910,000. The proceeds from this debt will be used for the construction of a new dormitory on the main campus of the University.

**FLORIDA STATE UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b) (1)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2007	\$ -	\$ 67,043,000	\$ 67,043,000	0%	\$ 355,230,858	18.9%
7/1/2009	\$ -	\$ 107,457,000	\$ 107,457,000	0%	\$ 344,724,148	31.2%

Note: (1) The actuarial cost method used by the institution is the entry-age actuarial cost method.

**FLORIDA STATE UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

1. SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2009, unfunded actuarial liability of \$107,457,000 was significantly higher than the July 1, 2007, liability of \$67,043,000 primarily as a result of changes in the methodology used by the actuary to calculate this liability. The most significant of these modifications were due to changes in the long-term trend model, an increase in the coverage election assumption, and changes in the rates of decrement and mortality and the amortization factor.



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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Florida State University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2010, which collectively comprise the University's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to 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. Other auditors 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, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

Pursuant to Section 11.45(4), 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 the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
January 20, 2011



**FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**



THE FLORIDA STATE UNIVERSITY
Office of the Controller

October 28, 2010

We have prepared the accompanying statement of net assets of the Florida State University Housing System as of June 30, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, in accordance with generally accepted accounting principles. These statements have NOT been audited; however, the financial information is included in the University statements, which is audited by the State of Florida Auditor General's Office.

Sincerely,

Michael Williams
Controller

Management's Discussion and Analysis

Payments and Collections

University housing rental rates are set for each academic year. Residence hall fees are assessed equally for fall and spring semesters. A prepayment is required at the time an application is submitted to the University for housing accommodations. Upon assignment of a room, the unpaid balance is due in advance for the fall semester and by the fifth day of classes for the spring semester. Payment options in lieu of full payment include a prepaid college program deferment plan, an installment plan of four monthly payments and a financial aid deferment plan. Unpaid rent is placed on the university's accounts receivable system for collection and the student is precluded from registering for a subsequent term and from receiving a transcript or diploma until their account is paid.

Housing System Collection Rates

The collection rates for all on-campus housing fees have averaged approximately 99.9 percent of the fees assessed for the 2009-10 fiscal year.

Rental Statistics

Rental rates for residence halls at the University are reviewed on an annual basis. The Director of University Housing meets with a housing advisory committee early in the spring semester to make a recommendation for any rental rate increase that might become effective during the subsequent fall semester. If an increase is recommended, student government leaders, resident assistants, and all resident students are informed through meetings and written communications. These individuals do not have the opportunity to vote on the rental rate proposal. In compliance with the standard practice established within the State University System concerning housing rental rates, the University Department of Housing submits the recommendation prior to April 1 of each year to the University President's Office for approval. The proposal is subsequently forwarded to the Board of Governors for approval.

Housing System Occupancy Statistics Fall Semester – First Day of Classes¹						
Year	Total Housing Capacity	Total Occupancy	Occupancy as % of Capacity	Total Housing Applications Received	Total Full-Time Students	% of Full-Time Students Living on Campus
2009	6,108	6,151 ²	100.7%	8,752	33,983	18.1%
2010	6,108	6,169 ²	101.0%	8,812	34,371	20.6%
¹ These statistics reflect occupancy as of the official opening day of the undergraduate residence halls comprising the Housing System. ² Temporary rooms set up in study lounges until on-campus apartments became available for staff.						

Schedule of Historical On-Campus Rental Rates Per Student Per Semester		
Description	2009-10	2010-11
Traditional Residence Halls¹		
Small Double ²	\$1,950	\$2,050
Double	2,050	2,150
Single	2,400	2,525
Salley Hall Upgraded Suites		
Double	2,320	2,440
Single	2,635	2,770
Newly Constructed and Renovated Halls³		
Double	2,510	2,640
Single	2,830	2,975
McCollum Hall		
Double (Townhouse)	2,165	2,275
Single	2,800	2,940
Ragans Hall		
Single (Apt.)	2,820	2,965
¹ Deviney, Dorman, Kellum and Smith Halls.		
² Applies to Smith Hall Only		
³ Broward, Bryan, Cawthon, Gilchrist, Jeannie Murphree, Reynolds, Landis Halls, DeGraff and Wildwood Halls.		

Financial Highlights

Assets totaled \$217.2 million at the end of the 2010 fiscal year which is a 4 percent increase over the 2009 fiscal year. This was mainly due to the increase in investments and capital assets. Liabilities decreased by \$1.9 million or 1.5 percent primarily due to payments of bond principal of \$3.2 million.

Operating revenues increased \$1.9 million or 6 percent primarily because of increases in rental rates of approximately 5%. The decrease in operating expenses of \$.8 million or 4 percent resulted in part from an immaterial over depreciation in the prior year that was corrected through current year earnings.

**FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010
UNAUDITED**

ASSETS

Current assets:

Cash and cash equivalents	\$ -
Investments	14,108,023
Accounts receivable, net	92,054
Interest and dividends receivable	37,609
Due from other University funds	6,333,210
Prepaid items	694
Total current assets	<u>\$ 20,571,590</u>

Noncurrent assets:

Restricted:

Cash and cash equivalents	\$ 22,588
Investments	24,790,851
Interest and dividends receivable	58,444
Deferred finance charges	1,111,488
Capital assets, net of accumulated depreciation	170,655,212
Total noncurrent assets	<u>196,638,583</u>

Total Assets	<u>\$ 217,210,173</u>
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LIABILITIES

Current liabilities:

Cash overdraft	\$ 63,744
Accounts payable	826,717
Accrued salaries & wages payable	113,556
Accrued interest payable	919,497
Construction contracts payable	1,150,665
Deferred revenue	6,271,235
Bonds payable, current portion	3,395,604
Total current liabilities	<u>\$ 12,741,018</u>

Noncurrent liabilities:

Bonds payable, long-term portion	\$ 115,435,318
Compensated absences payable	461,056
Total noncurrent liabilities	<u>115,896,374</u>

Total Liabilities	<u>\$ 128,637,392</u>
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NET ASSETS

Invested in capital assets, net of related debt	\$ 52,935,777
Restricted for project construction	6,387,545
Restricted for debt service	260,518
Restricted for renewal and replacement	17,908,352
Unrestricted	11,080,589
Total Net Assets	<u>\$ 88,572,781</u>

**FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED**

OPERATING REVENUES

Rental Income	\$ 32,238,785
Total operating revenues	<u>32,238,785</u>

OPERATING EXPENSES

Salaries & Employee Benefits	8,120,315
Services and Supplies	4,493,285
Utilities	4,232,309
Depreciation	4,023,346
Other Operating Expense	79,563
Total operating expenses	<u>20,948,818</u>

Net operating income	11,289,967
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NONOPERATING REVENUES (EXPENSES)

Investment income	1,015,267
Unrealized gain on investments	
Interest expense	(5,609,869)
Financing Charges	27,363
Other Nonoperating Revenue/Expenses	599,127
Total net nonoperating expenses	<u>(3,968,112)</u>

Net income before transfers	7,321,856
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TRANSFERS	<u>(536,218)</u>
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CHANGE IN NET ASSETS	6,785,638
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TOTAL NET ASSETS , BEGINNING	78,967,340
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ADJUSTMENT TO BEGINNING NET ASSETS	<u>2,819,803</u>
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TOTAL NET ASSETS, ENDING	<u><u>\$ 88,572,781</u></u>
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**FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED**

CASH FLOWS FROM OPERATING ACTIVITIES

Rental receipts	\$ 32,235,353
Payments for salaries and related benefits	(8,093,029)
Payments for expenses	(8,676,353)
Net cash provided (used) by operating activities	<u>15,465,971</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers from / (to) other funds	<u>(536,218)</u>
Net cash used by noncapital financing activities	<u>(536,218)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of fixed assets	(5,123,552)
Capital Subsidies and Transfers	720,770
Debt service payments:	
Principal	(3,329,545)
Interest	(5,628,446)
Net cash used by capital and related financing activities	<u>(13,360,774)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of investments	(2,554,977)
Interest on investments	958,373
Net cash used by investing activities	<u>(1,596,604)</u>
Net decrease in cash and cash equivalents	(27,625)
Cash and cash equivalents, beginning of year	<u>50,213</u>
Cash and cash equivalents, end of year	<u><u>\$ 22,588</u></u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income	\$ 11,289,967
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,023,346
Loss on disposal of fixed assets	7,247
Change in assets and liabilities:	
Accounts receivable	(50,995)
Due from other funds	(18,197)
Due to other funds	63,744
Accounts payable	57,814
Accrued liabilities	26,518
Prepaid items	(378)
Compensated absences	768
Deferred revenue	66,138
Net cash provided by operating activities	<u><u>\$ 15,465,971</u></u>

**FLORIDA STATE UNIVERSITY
HOUSING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Florida State University Housing Facility Revenue Bonds are an integral part of the financial statements of Florida State University. Florida State University (the University) is a part of the State University System and accordingly, the University is governed, regulated and coordinated by the Florida Board of Governors and the University's Board of Trustees.

The Housing System's financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The significant accounting policies of the Housing System are described below:

Basis of Presentation: The Housing System is classified as a business type activity and accounts for its operations through the use of an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Basis of Accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred. All fund assets and liabilities, current and noncurrent, are accounted for on the statement of net assets. Enterprise funds have the option under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Housing System has elected not to apply FASB pronouncements issued after the applicable date.

Deferred Financing Charges and Bond Discount: In connection with the issuance of the Housing System's bonds, certain related costs are deferred and amortized over the life of the related issue using the straight-line method. The use of the straight-line method does not materially differ from the effective interest method.

Capital Assets: Capital assets are stated at cost less accumulated depreciation. Depreciation on the dorms is computed using the straight-line method over an estimated 50-year useful life. Depreciation on furniture and equipment is computed using the straight-line method over the estimated useful lives ranging from 3 to 20 years. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results from operations in the period of disposal. Net interest costs are capitalized during the construction period.

Revenue Recognition:

Investment Income: Interest on investments is recorded as income when earned.

Rental Income: University housing rentals are set for each academic year. Revenue is recognized when earned.

Compensated Absences Liability: Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to *Chapter 6C2-4, Florida State University Regulations* and to bargaining agreements between the University Board of Trustees and the United Faculty of Florida.

Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balances. GASB Statement No. 16, *Accounting for Compensated Absences*, requires that the University accrue a liability for employees' rights to receive compensation for future absences when certain conditions are met.

NOTE 2 – CASH AND CASH EQUIVALENTS

Amounts reported as cash and cash equivalents consist of cash on hand and cash in demand accounts. 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 or to purchase or construct capital or other restricted assets, are classified as restricted.

NOTE 3 - INVESTMENTS

The University reported investments in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of Af by Standard and Poor's and had an effective duration of 1.81 years at June 30, 2010. 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.

Earnings for the year ended June 30, 2010 were \$1,015,267.

The University reported investments in the State Board of Administration 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 more than three months. The University relies on policies developed by the State Board of Administration for managing interest rate risk or 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.

NOTE 4 – PRIOR PERIOD ADJUSTMENTS

The University discovered that one of the residence halls had not been included in the prior year financial statements of the University's Housing Facility Revenue Bonds. In addition, the University discovered that depreciation expense was overstated in the prior year. These adjustments were accounted for by a restatement of the beginning net assets in the amount of \$2,819,803.

NOTE 5 – NET RECEIVABLES

Accounts receivable are reported net of an allowance for uncollectible accounts. An estimated allowance of \$29,173 was applied to gross accounts receivable of \$86,252.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	6/30/2009	Additions	Reductions	6/30/2010
Buildings & Improvements	\$ 205,515,869	\$ 2,007,230	\$ -	\$ 207,523,099
Equipment (Including Vehicles)	878,391	16,410	(31,305)	863,496
Construction in Progress	375,428	6,265,054	(2,007,230)	4,633,252
Total Capital Assets	<u>206,769,688</u>	<u>8,288,694</u>	<u>(2,038,535)</u>	<u>213,019,847</u>
Less Accumulated Depreciation	<u>(38,365,347)</u>	<u>(4,023,346)</u>	<u>24,058</u>	<u>(42,364,635)</u>
Capital Assets, Net	<u>\$ 168,404,341</u>	<u>\$ 4,265,348</u>	<u>\$ (2,014,477)</u>	<u>\$ 170,655,212</u>

NOTE 7 – TEMPORARY CASH OVERDRAFT

The University maintained an account with a local bank to process general operating expenses. Funds in excess of current need, including float, were invested. As a result, the University's records showed a temporary cash overdraft for the amount of outstanding checks not presented as of June 30, 2010. This did not, however, represent an overdraft in the University's depository account.

NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2010 was as follows:

	June 30, 2009	Additions	Reductions	June 30, 2010
Revenue Certificates and bonds payable:				
\$3,500,000 revenue bonds of 1993 dated 2/15/93; interest payable 11/01 and 5/01 @ 3%; principal payments due 5/01; matures 2022.	\$1,950,000	\$0	\$130,000	\$1,820,000
\$9,000,000 revenue bonds, series 2001 dated 02/01/2001; interest payable 5/01 and 11/01 at rates ranging from 4.0% to 5.0%; principal payments due 5/01; matures 2030	\$7,670,000	\$0	\$225,000	\$7,445,000
\$25,500,000 revenue bonds, series 2001A dated 0/01/2002; interest payable 5/01 and 11/01 at rates ranging from 4.0% to 5.0%; principal payments due 5/01; matures 2031	\$22,260,000	\$0	\$610,000	\$21,650,000
\$23,145,000 revenue bonds, series 2004A dated 03/01/2004; interest payable 5/01 and 11/01 at rates ranging from 2.0% to 4.25%; principal payments due 5/01; matures 2034	\$20,035,000	\$0	\$670,000	\$19,365,000
\$71,285,000 revenue bonds, series 2005A dated 07/01/2005; interest payable 5/01 and 11/01 at rates ranging from 3.5% to 5.0%; principal payments due 5/01; matures 2035	\$67,750,000	\$0	\$1,580,000	\$66,170,000
Total revenue bonds payable	\$119,665,000	\$0	\$3,215,000	\$116,450,000
Unamortized bond (discount)/premium	3,059,529		-114,546	2,944,983
Loss on Refunding	-603,001		38,941	-564,060
Revenue bonds payable, net	\$123,327,530	\$0	\$3,061,513	\$119,959,043
Other liabilities:				
Compensated absences	\$460,288	\$768	\$0	\$461,056

Five-year maturities of these revenue bonds are as follows:

Fiscal Year(s)	Principal	Interest	Total
2011	\$ 3,320,000	\$ 5,516,981	\$ 8,836,981
2012	3,435,000	5,394,131	8,829,131
2013	3,565,000	5,266,041	8,831,041
2014	3,715,000	5,125,641	8,840,641
2015	3,865,000	4,958,980	8,823,980
2016-2020	22,140,000	21,950,773	44,090,773
2021-2025	26,295,000	16,230,438	42,525,438
2026-2030	27,580,000	9,673,400	37,253,400
2031-2035	22,535,000	3,181,825	25,716,825
SubTotal	\$ 116,450,000	\$ 77,298,210	\$ 193,748,210
-Disc +Prem (Unamort)	2,944,984	0	2,944,984
Less Loss on Refunding	(564,061)	0	(564,061)
Total	\$ 118,830,923	\$ 77,298,210	\$ 196,129,133

The bond resolutions provide for the establishment of Sinking Funds to be held and administered by the State Board of Administration (SBA) for the purpose of paying the principal and interest on the bonds as they become due. The bond resolutions provide for the establishment and maintenance of a Reserve Account to account for funds set aside to meet the Reserve Account Requirements, which is an amount equal to the lesser of (1) the maximum annual debt service for outstanding bonds, (2) 125% of the average annual debt service of the Bonds, (3) 10% of the par amount of the bonds, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations under the *U.S. Internal Revenue Code of 1986*.

Additionally, the bond resolutions provide for the establishment of Building Maintenance and Reserve Funds. Amounts deposited in the Building Maintenance and Equipment Reserve Fund shall be as approved in the annual budget of the University. Such deposits shall continue to be made in each fiscal year in amounts necessary to maintain a balance of deposits in such amounts as are required to be deposited by the Board of Trustees.

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

Interest expense on the Bonds for the fiscal year ended June 30, 2010 was \$5,609,869.

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”), Florida State University (the “University”) and the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) in connection with the issuance of \$_____ State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2011A (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, on September 20, 2011, authorizing the issuance of the Bonds. The Board, the University and the Division covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Board the University and the Division for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”). It shall inure solely to the benefit of the Board, the University, the Division, the Registered Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution of the Division of Bond Finance adopted on November 17, 1992, as amended and restated on July 25, 2000, and as amended on October 28, 2003 (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 agrees to provide or cause to be provided the information set forth below, or such 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, 2011, 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) University Financial Statements; and
- (g) 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;
- (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;
- (i) 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 of Education 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 of Education acknowledges that its 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 of Education's obligations hereunder.

(B) Method 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 obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Board and the University shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

(1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;

(2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

(3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(4) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Board or the University chooses to include additional information not specifically required by this Disclosure Agreement, 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 _____, 2011.

Florida Board of Governors

Division of Bond Finance

By _____
Chair

By _____
Assistant Secretary

Florida State University

By _____
President

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[FORM OF BOND COUNSEL OPINION]

[TO BE DATED DATE OF DELIVERY]

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:

\$ _____
STATE OF FLORIDA
BOARD OF GOVERNORS
FLORIDA STATE UNIVERSITY
DORMITORY REVENUE REFUNDING BONDS, SERIES 2011A
Dated _____, 2011
(the "Bonds")

The 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 all or a portion of the State of Florida, Board of Regents, Florida State University Housing Revenue Bonds, Series 2001 and the State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A (collectively, the "Refunded Bonds") and paying certain costs associated with the issuance of the 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 Bonds will be secured by and payable solely from a pledge of the Pledged Revenues (as defined in the hereinafter defined Resolution) (i) on a parity with the Outstanding Parity Bonds (as defined in the hereinafter defined Resolution), which together with the Bonds, will be outstanding in the aggregate principal amount of \$ _____ (excluding the principal amount of the Refunded Bonds equal to \$ _____) subsequent to issuance of the Bonds, and any Additional Parity Bonds hereafter issued (as defined in the hereinafter defined Resolution).

The 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 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 Bonds pursuant to the Constitution and statutes of the State of Florida and pursuant to resolutions authorizing the issuance and sale of the Bonds duly adopted by the Governing Board of the Division of Bond Finance on November 17, 1992, as amended and restated on July 25, 2000, as further amended on October 28, 2003, and as amended and supplemented on September 20, 2011 (collectively, the "Resolution"), and a resolution of the Board adopted on May 6, 2010.

2. The 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 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 Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the 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 Bonds.

Subject to compliance by the Division of Bond Finance and the Board with the aforementioned covenants, (a) interest on the Bonds is excluded from gross income for purposes of federal income taxation, and (b) interest on the 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 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 Bonds.

It is to be understood that the rights of the owners of the 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 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 Bonds and we express no opinion herein relating thereto.

Very truly yours,

BRYANT MILLER OLIVE P.A.

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DIVISION BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2011A (the "2011A Bonds"). The 2011A 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 2011A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities and Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, the "Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of the 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2011A 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 2011A 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 2011A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all 2011A 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 2011A 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 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011A 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 2011A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect

to the 2011A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2011A Bond documents. For example, Beneficial Owners of 2011A Bonds may wish to ascertain that the nominee holding the 2011A 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 2011A 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 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Division as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2011A 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 2011A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, (nor its nominee), the Bond Registrar/Paying Agent, the Division, or the Florida Board of Governors (the "Board"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the 2011A Bonds at any time by giving reasonable notice to the Division or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division may decide to discontinue use of the system of book-entry transfers for the 2011A 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 2011A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the 2011A Bonds.

For every transfer and exchange of beneficial interests in the 2011A 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 2011A Bonds, references herein to the Registered Owners or Holders of the 2011A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2011A Bonds unless the context requires otherwise.

The Division, the Board and the Bond Registrar/Paying Agent will not have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the 2011A 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 2011A 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 2011A Bonds, or the purchase price of, any 2011A 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 2011A Bonds for partial redemption.

So long as the 2011A Bonds are held in book-entry only form, the Division, the Board and the Bond Registrar/Paying Agent may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the 2011A Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of, premium, if any, and interest on the 2011A Bonds;
- (ii) giving notices of redemption and other matters with respect to the 2011A Bonds;
- (iii) registering transfers with respect to the 2011A Bonds; and
- (iv) the selection of the beneficial ownership interests in the 2011A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall only be applicable if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Division, the Board and the Bond Registrar/Paying Agent may treat the Registered Owner of any 2011A Bond as the absolute owner for all purposes, whether or not such 2011A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the 2011A Bonds will be payable upon presentation and surrender of the 2011A 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 2011A 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 2011A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division of Bond Finance and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or a duly authorized attorney. Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 2011A 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 2011A Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the 2011A Bonds. However, the Division and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses must be paid before any such new 2011A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2011A Bonds on the Record Date.

