PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 27, 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).

<u>Refunding Issue</u>

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.

$22,875,000*
STATE OF FLORIDA
Board of Governors
Florida International University
Dormitory Revenue Refunding Bonds, Series 2011A

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

Bond Ratings	___ Fitch Ratings ___ Standard & Poor's Ratings Services ___ Moody's Investors Service
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 or corporations; however, interest on the 2011A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The 2011A Bonds and the income therefrom are not subject to taxation under the laws of the State of Florida, except estate taxes and taxes imposed under Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" for a description of other tax consequences to holders of the 2011A Bonds.
Redemption	The 2011A Bonds maturing on and after July 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 and the Current Expenses. **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. The aggregate principal amount of Bonds expected to be Outstanding subsequent to the issuance of the 2011A Bonds is $70,970,000*, excluding the Refunded Bonds.
Additional Bonds	Additional Parity Bonds payable on parity with the 2011A Bonds and the Outstanding Bonds may be issued if the average Pledged Revenues for the two preceding fiscal years, as adjusted, are at least 120% 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 International University Housing Facility Revenue Bonds, Series 1998, and all or a portion of the Outstanding State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000, and to pay costs of issuance.
Interest Payment Dates	January 1 and July 1, commencing July 1, 2012.
Record Dates	June 15 and December 15.
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.
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."
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.

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* Preliminary, subject to change.

MATURITY STRUCTURE

Initial CUSIP©	Due Date	Principal Amount*	Interest Rate	Price or Yield	First Optional Redemption Date and Price
	July 1, 2013	$1,605,000			-
	July 1, 2014	1,630,000			-
	July 1, 2015	1,655,000			-
	July 1, 2016	1,685,000			-
	July 1, 2017	1,720,000			-
	July 1, 2018	1,755,000			-
	July 1, 2019	1,805,000			-
	July 1, 2020	1,860,000			-
	July 1, 2021	1,925,000			-
	July 1, 2022**	1,990,000			July 1, 2021 @ 100%
	July 1, 2023**	2,095,000			July 1, 2021 @ 100
	July 1, 2024**	2,195,000			July 1, 2021 @ 100
	July 1, 2025**	955,000			July 1, 2021 @ 100

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

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* 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.

BOARD OF GOVERNORS

CHAIR
AVA L. PARKER

VICE CHAIR
DEAN COLSON

TIM JONES
Chief Financial Officer

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 & CIO
State Board of Administration of Florida

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

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OFFICIAL STATEMENT
Relating to
$22,875,000*
STATE OF FLORIDA
Board of Governors
Florida International 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 the $22,875,000* State of Florida, Board of Governors, Florida International 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").

The proceeds of the 2011A Bonds will be used to refund all or a portion of the Outstanding State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and Series 2000 (the "Refunded Bonds") and to pay costs of issuance. The refunding is being effectuated to achieve debt service savings due to lower interest rates. See “THE REFUNDING PROGRAM” for more information.

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 providing for payment of the Current Expenses, the Administrative Expenses, and the Rebate Amount, if any (the "Pledged Revenues"). See "SECURITY FOR THE 2011A BONDS" 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 parity with the Outstanding Bonds expected to be outstanding in the aggregate principal amount of $70,970,000*, excluding the Refunded Bonds, subsequent to the issuance of the 2011A Bonds and any Additional Parity Bonds hereafter issued. See "SECURITY FOR THE 2011A BONDS" below for more detailed information.

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

Division of Bond Finance

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

State Board of Administration of Florida

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

Board of Governors

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

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

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

Board Member	Term Expires
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
Chris Corr - businessman (Jacksonville, FL)	January 6, 2013
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

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

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

Administrative Approval

By resolution, the State Board of Education and the Board of Governors have authorized and requested the Division of Bond Finance to proceed with any actions required for the issuance of refunding bonds.

By resolution adopted on June 9, 1998, as amended by a resolution adopted on September 23, 1998 (collectively, the "Original Resolution") and as amended and supplemented on September 20, 2011 (the "Fourth Supplemental Resolution"), the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance, authorized the issuance and sale of not exceeding $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds. The Original Resolution and the Fourth Supplemental Resolution are reproduced as Appendices B and C to this Official Statement. The Original Resolution as amended and supplemented through the Fourth Supplemental Resolution is referred to as the "Resolution".

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

Validation

The 2011A Bonds are not required to be, and have not been, validated.

DESCRIPTION OF THE 2011A BONDS

General

The 2011A Bonds are being issued as fully 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 on

July 1, 2012, for the period from the date of delivery to July 1, 2012, and semiannually thereafter on January 1 and July 1 of each year until the maturity thereof.

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 I, "PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS" for a description of DTC, certain responsibilities of DTC, the Board of Governors and the Bond Registrar/Paying Agent, and the provisions for registration and registration for 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 the year 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 July 1, 2021, or on any date thereafter, at the principal amount of the 2011A Bonds so redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption

The 2011A Bonds scheduled to mature in and 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 July 1, 20__ (the "20__ Term Bonds"), are subject to mandatory redemption in part, by lot at par, on July 1, 20__, and on each July 1 thereafter to and including July 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:

Year	Principal Amount	Year	Principal Amount
	$		$

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 duly 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

The proceeds from the sale of the 2011A Bonds, together with other legally available moneys, will be used to provide for the payment of the costs of issuance with respect to the 2011A Bonds, and to refund the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998, maturing in the years 2013* through 2024*, inclusive (the "Refunded 1998 Bonds"), in the outstanding principal amount of $13,020,000* and to refund the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000, maturing in the years 2013* through 2025*, inclusive (the "Refunded 2000 Bonds"), in the outstanding principal amount of $10,195,000* (The Refunded 1998 Bonds and the Refunded 2000 Bonds are collectively referred to as the "Refunded Bonds"). This refunding is being effectuated to achieve debt service savings due to lower interest rates.

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, the Division of Bond Finance will cause a portion of the proceeds of the 2011A Bonds, and other legally available moneys, to be deposited in the State Treasury investment pool, a fund held and invested by the State Treasurer of Florida, or other legally authorized investments.

The amount of proceeds initially deposited is expected to be sufficient to make all payments 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.

The Refunded Bonds will be called for redemption (by separate redemption notice) on ___________ at a redemption price equal to the principal amount thereof with interest and redemption premium due thereon through the redemption date. No proceeds of the 2011A Bonds 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	$22,875,000
Plus: Premium Bid[1]	496,261
Transfer from Sinking Fund	481,165
Total Sources	$23,852,426
Uses of Funds:	
Deposit of Refunding Proceeds	$23,731,467
Cost of Issuance	120,959
Total Uses	$23,852,426

[1] Estimated original issue premium net of underwriter's discount.

*Preliminary, subject to change.

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 will be 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 are anticipated to be Outstanding in the aggregate principal amount of $70,970,000*, subsequent to the issuance of the 2011A Bonds, excluding the Refunded 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 Original Resolution creates the Reserve Account within the Sinking Fund, which is to be used for payments of debt service on the Bonds secured by such Reserve Account when the amounts in the Sinking Fund are insufficient therefor. As permitted in the Resolution, in lieu of required deposits into the Reserve Account, the Board may at any time fund the Reserve Account with one or more Reserve Account Credit Facilities for the benefit of the Bonds secured by such account in an amount, which together with the funds on deposit therein, equals the Reserve Requirement. The Reserve Account is currently funded by debt service reserve account surety bonds from MBIA Insurance Corporation in the amount of $7,131,329, the maximum annual debt service on the Outstanding Bonds. The Reserve Requirement for the 2011A Bonds has been determined to be zero. No deposit will be made to the Reserve Account from the proceeds of the 2011A Bonds. 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 a subaccount in 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 Reserve Account. Each debt service reserve account surety bond will be drawn upon in a proportion equal to its relative share of the Annual Debt Service Requirement. Any withdrawals from the Reserve Account, including disbursements made under a Reserve Account Credit Facility, will be subsequently restored (or, in the case of a Reserve Account Credit Facility, the provider thereof will be reimbursed) from the first revenues available after all required Current Expenses, Administrative Expenses and 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. Pledged Revenues are deposited into a trust fund (the "Revenue Fund") in the State treasury to be administered in accordance with the Resolution and applicable laws. After providing for the payments required below, the University may use the Pledged Revenues for 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) Payment of Current Expenses of the Housing System.

(B) Transfer to the Board of Administration of a sufficient amount of money no later than thirty days before an Interest Payment Date and/or a Principal Payment Date to be used as follows:

(1) for payment of Administrative Expenses;

(2) 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;

(3) for maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account in an amount equal to the Reserve Requirement, except to the extent a Reserve Account Credit Facility has been provided pursuant to the Resolution; and

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

(C) Deposit into the Housing System Maintenance and Equipment Reserve Fund the amounts required by the Resolution to be deposited, as approved in the annual budget of the University.

(D) The balance not needed for (A), (B), and (C) above may be applied for optional redemption or purchase of Bonds or any lawful University purposes.

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

Any unused portion of the Reserve Account may be used by the Board 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 be used for the purposes and in the priority described above.

Covenants of the Board

The Board has additionally covenanted in the Resolution as follows:

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

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

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

(D) That it will continue to collect the rentals charged all individuals served by the Housing System.

Additional Bonds

The Original Resolution provides that Additional Bonds may be issued, but only upon the following terms, restrictions and conditions: (A) the proceeds from such Additional Bonds will be used to acquire and construct capital improvements to the Housing System or to refund outstanding Bonds; (B) the Board must request the issuance of the Additional Bonds; (C) the Board of Administration must approve the fiscal sufficiency of such Additional Bonds; (D) certificates will be executed by the Board setting forth (1) the average annual amount of Pledged Revenues from the two fiscal years immediately preceding the issuance of the proposed Additional Bonds, and (2) the maximum annual debt service on the Bonds then Outstanding and the Additional 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 and the University must be currently in compliance with the covenants and provisions of the Resolution and any supplemental resolution adopted for the issuance of Additional Bonds, unless upon the issuance of such Additional Bonds the Board and the University will be in compliance with all such covenants and provisions; and (F) the average annual 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 120% of the maximum annual debt service on the Bonds then Outstanding, and the Additional Bonds then proposed to be issued.

The Original Resolution provides that for purposes of the Additional Bonds test, Pledged Revenues may be adjusted to reflect rate increases, additions to the housing facilities or the acquisition of additional housing facilities, or, in the event Pledged Revenues from housing facilities being constructed were collected for less than two fiscal years, then imputed rental rates for the two fiscal years immediately preceding issuance of such Additional Bonds may be considered.

All of the above terms, conditions and restrictions having been complied with, the 2011A Bonds will be issued on a parity with the Outstanding Bonds.

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THE HOUSING SYSTEM
(Source: Florida International University)

Introduction

Florida International University (the "University") is a growing research institution located in a major urban area which serves the diverse academic needs of students through the offering of more than 175 baccalaureate, master's and doctoral degree programs. The University operates two primary campuses in Miami-Dade County, Florida – the main Modesto Maidique Campus ("MMC") located approximately 10 miles west of downtown Miami and the Biscayne Bay Campus ("BBC") located on Biscayne Bay in North Miami. The University, additionally, operates two satellite campuses: the Center for Engineering and Applied Science located near MMC and the Pines Center located in Broward County. The total student body, as of Fall 2011, totals about 45,000, of whom, approximately 82% are undergraduates and over 27,000 are full-time students.

The University has limited on-campus housing, with approximately 2,829 students living on site as of the fall semester of 2010. The Department of Housing and Residential Life (the "Housing Office"), within the Division of Student Affairs, operates the University's housing auxiliary and residential programs. The Housing Office has responsibility for operational oversight, facilities management and on-site student affairs management at each residential facility. The Housing Office supports the mission of the University by providing a living environment which fosters the educational pursuits of a diverse student population. The facilities and services are designed to provide a supportive and safe environment, accommodating the needs of students.

Staffing

The Housing Office employs more than 60 full-time and 100 part-time employees during the year and is organized into four service groups: Front Office Operation/Student Records, Assignments and Contracts, Fiscal Operations and Department Administration. The Executive Director is the chief housing officer and is responsible for performing as the overall department head, developing and monitoring budgets, policies, and procedures, and providing direction, leadership, and strategic planning for the department.

Each housing facility has on-site staff responsible for providing support services to the residents and for the operational needs of the Housing Office. Each facility has a Residence Life Coordinator, an Assistant Residence Life Coordinator, and Resident Assistants. The Residence Life Coordinator is a full-time professional who lives in the housing complex and is responsible for overseeing the educational and operational functions of the housing area. The Assistant Residence Life Coordinator is a graduate student, and the Resident Assistants are full-time undergraduate students who have been specially selected and trained to act as peer advisors for the complex to which they are assigned.

Current Housing

The current capacity of the on-campus housing facilities, comprising the Housing System, is approximately 2,999 beds.

In 1984, the University opened its first residence hall, Bay Vista Housing, located on the BBC in northern Miami-Dade County. The complex is a four-story facility with apartment style accommodations including studios, efficiencies and one- and two-bedroom suites. All apartments are air-conditioned, fully furnished and equipped with cooking facilities. This facility underwent a three year, $4.1 million refurbishment project from 1999 to 2001, which reduced the operating capacity from 479 to 296 students to provide for mostly single-occupancy bedrooms, upgrade telecommunications and renew room furnishings.

In 1986, the University opened the University Park Apartments on MMC, with an original design capacity of 732 beds, and a current operating capacity of 593 beds. The complex is comprised of ten buildings with various types of apartment style accommodations including efficiency singles, and one-, two- and four-bedroom units (most of which are double-occupancy bedrooms). All units are fully furnished and equipped with complete kitchens. Outdoor recreational facilities include a gazebo, a sand volleyball court, a basketball court and a central complex building. This facility underwent a two-year, $2.5 million renovation project in 2001 to replace defective plumbing fixtures and to refurbish kitchens and bathrooms.

Panther Hall opened at the MMC in fall semester 1996, and is designed to house 410 students in two-bedroom, double-occupancy suites with private baths. It was designed to provide a "traditional" undergraduate living experience and to serve the University's conference housing needs during the summer months. Panther Hall offers special living options to students participating in the FYRST (First Year Residents Succeeding Together) and Honors programs.

University Park Towers, with capacity for 495 students, opened for the fall semester of 2000. The University Park Towers consists of two ten-story towers with an attached four-story building. The living units are mostly four-bedroom (each single-occupancy), two-bath apartment units, with a limited number of private studio apartments and two-bedroom, single-occupancy apartments. The complex includes additional parking and support services areas for administrative offices, classroom space, maintenance services, and professional staff housing.

Everglades Hall opened at the MMC for the fall semester of 2002 and has a current capacity of 388 students. Everglades Hall consists of apartment style accommodations that include three-bedroom (single occupancy) one-bath apartment units with kitchens. The complex adjoins University Park Towers.

Lakeview Hall opened at the MMC for the fall semester of 2006 and has a current capacity of 825 students. Lakeview Hall comprises of two buildings, Lakeview North and Lakeview South. Lakeview South is a first year residence hall for the FYRST program. Lakeview North provides housing for students entering their sophomore year or above.

Outlined below is a description of the residence halls and apartments that currently comprise the Housing System. All facilities are equipped with unlimited computer access via an Ethernet connection, local telephone service and cable TV service.

Hall Name	**Location/Campus**	**Year Placed in Service**	**Square Footage**	**Design Capacity**[1]
Bay Vista Housing	Biscayne Bay Campus	1984	146,353	288
University Park Apartments	Modesto Maidique Campus	1986	136,679	593[2]
Panther Hall	Modesto Maidique Campus	1996	111,266	410
University Park Towers	Modesto Maidique Campus	2000	218,157	495
Everglades Hall	Modesto Maidique Campus	2002	147,475	388
Lakeview Hall	Modesto Maidique Campus	2006	252,324	825
Total			1,012,254	2,999

1 Includes non-revenue generating bed spaces; actual capacity during the year may vary due to changes in original room configurations.
2 The original design capacity was 732 beds.

Insurance on Facilities

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

Rental value insurance is also provided covering loss of revenue from any facility due to catastrophic events. Both the Director of Housing and the Director of Risk Management review all insurance policies on an annual basis.

Capital Improvement Plan

The Director of Housing, in conjunction with the University Facilities Planning Department, develops and implements capital improvement projects in a five-year cycle.

Based on projections for future enrollment growth, the University has planned for construction of one new student housing facility in 2012. The project construction cost is approximately $45 million, including an approximate $5 million contributed from the Housing System's reserves. The new facility is expected to add 620 beds to the Housing System beginning Fall 2013. As additional facility is being considered for future construction that will add a subsequent 620 beds, which will move forward based on enrollment growth.

Future construction of all housing facilities will be subject to growth in housing demand and future needs assessments.

Demand for On-Campus Housing

The University has very limited on-campus housing. The student body, in Fall 2011, is approximately 45,000. The University's goal is to house 20 percent of the total full-time student body by the year 2016. In order to achieve this goal, the University must construct an additional 3,000 bed spaces. With the addition of the Law School, Bowl Championship Subdivision Football, and the Medical School, the University is anticipating unprecedented growth in demand for on-campus housing services. The current housing need at the MMC is estimated at 1,240 additional bed spaces. Demand on the main campus for university housing exceeded 100% occupancy in Fall 2010, with in excess of 300 students on the waiting list. The university stopped accepting housing contracts once the waiting list exceeded 300. Similar demand was demonstrated in Fall 2011 for MMC housing.

The projections made in this section 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 actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.

Occupancy Statistics

The chart below indicates the occupancy rates as compared to the capacity of University housing facilities for the past ten years. The occupancy statistics are based on students residing in University housing as of the fourth week of the fall semester. Students may be released from their housing contracts only due to withdrawal from the University, with partial refunds being made only through the seventh week of the semester. Occupancy statistics are therefore not subject to significant change after that time. See "Payment and Collection."

Fall Semester Occupancy Statistics

Year	Total Housing Capacity[1]	Total Occupancy	Occupancy as % of Capacity	MMC	BBC	Total Enrollment	Total Full-Time Students	% of Full-Time Students Residing on Campus
2001	1,780	1,764	99.10%	-	-	31,822	17,311	10%
2002[2]	2,166	2,027	93.58%	-	-	33,880	18,245	11%
2003	2,166	2,157	99.58%	-	-	33,396	18,725	12%
2004[3]	2,166	2,109	97.37%	-	-	33,864	21,109	10%
2005	2,166	2,043	94.30%	-	-	35,061	21,797	10%
2006[4]	2,979	2,748	92.00%	92.0%	99.0%	38,097	22,936	12%
2007	2,974	2,713	91.00%	93.0%	76.0%	38,614	22,990	12%
2008	2,910	2,760	94.85%	97.0%	79.0%	39,970	23,090	12%
2009	2,904	2,662	91.67%	94.0%	68.0%	40,455	24,073	11%
2010	2,922	2,829	97.00%	98.0%	83.0%	42,628	26,434	11%

1 Total Housing Capacity reflects the University's practice of honoring students' requests for single-occupancy bedrooms in units which could otherwise serve as double-occupancy housing, and therefore may differ from design capacity. See "Current Housing."

2 Everglades Hall was added to the Housing System, increasing bed spaces by approximately 388.

3 The decrease in total occupancy resulted from lower occupancy of the Bay Vista Housing complex (81%), primarily due to a decrease in student enrollment at the Biscayne Bay Campus; occupancy for the Modesto Maidique Campus was at 100%.

4 Lakeview Hall was added to the Housing System, increasing bed spaces by approximately 825.

Payment and Collection

The University requires the student to either pay the semester housing fee in full, or obtain an approved fee deferral request prior to occupancy. Housing fee deferral requests are approved upon receipt of notice of financial aid award by the University Financial Aid Office. More than half of the students residing in University housing select the financial aid method of payment, with the rest either paying in full or through the Florida Prepaid College Program. The University has implemented a net-check system to facilitate the collection of housing fees from students receiving financial aid awards. The net-check system automatically deducts the full amount owed by the student from his or her financial aid award prior to disbursement of financial aid. Students who receive insufficient financial aid are required to pay the difference in advance of occupancy. Under unique circumstances the Assistant Director of Housing or designee may provide a student with a payment plan.

University housing agreements are issued for the entire academic year (fall and spring semesters). Separate housing agreements are issued for the summer semester. Release from the housing agreement is limited to circumstances which involve the students' withdrawal from the University. Students withdrawing from the University may receive a partial refund of their housing fees, based on the period of time the student actually resided in a University housing facility. No refunds are given after the seventh week of the semester. The housing agreement clearly describes the students' obligation to adhere to all University and housing policies.

Accounts receivable are held in the housing accounting office until a week before the close of classes for the semester. If accounts are not paid in full by that time, they are transferred to the University-wide accounts receivable and a hold is placed on the students' records. A hold prevents a student from receiving a transcript or diploma until the account is paid. Students with unpaid balances are also precluded from registering for classes.

The housing fee collection rates for the most recent semesters for which information is available are set forth in the following table.

5 Year Historical Average	Collection Rate %*
Fall 2006-2010	99.50%
Spring 2007-2011	99.21%

* The collection rates are based on the outstanding balances at the end of each semester.

On-Campus Rental Rates

On-campus housing rental rates at the University are reviewed on an annual basis. The Director of Housing meets with a housing advisory committee early in the spring semester to make a recommendation for any rental rate increase for the following academic year. If an increase is recommended, student government leaders, resident assistants, and all residential students are informed through meetings and written communication. In compliance with standard practice within the State University System, the Director of Housing submits the recommendation as a request through the University President's Office to the Board of Trustees for approval, along with a financial plan and information on the financial status of the housing program.

The following table shows historical and projected rental rates based on the typical housing accommodations offered by the University. While a limited number of other unit types may be offered, they are not used as the basis for revenue estimates because the University believes this would not accurately present its expectations. The projected rental rates are for illustration 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.

Panther Hall and Lakeview Hall rental rates include a mandatory meal plan totaling $1,769 per semester as of Fall 2011. The University treats revenue from meal plans as a pass through item, disbursing the revenue collected to the vendor as a contractual services expense. Housing meal plan revenues and expenditures are expected to be approximately $4.1 million in Fiscal Year 2011-12.

On-Campus Rental Rates[1]
Schedule of Historical and Projected Semester Rental Rates
(Per Student)

	Historical					Projected[2]				
Description	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Panther Hall										
Two Bedroom Double-Occupancy	$3,446	$3,962	$4,110	$4,233	$4,303	$4,432	$4,565	$4,702	$4,843	$4,988
Two Bedroom Single – Occupancy	NA	6,350	6,570	6,767	$6,767	6,970	7,179	7,394	7,616	7,844
Bay Vista Housing										
One Bedroom Single-Occupancy	$4,036	$4,158	$4,282	$4,282	$4,282	$4,410	$4,543	$4,679	$4,819	$4,964
Two Bedroom Single-Occupancy	3,170	3,266	3,364	3,364	3,364	3,465	3,569	3,676	3,786	3,900
Efficiency Single	3,328	3,428	3,530	3,530	3,530	3,636	3,745	3,857	3,973	4,092
Studio	3,094	3,188	3,284	3,284	3,284	3,383	3,484	3,589	3,696	3,807
One Bedroom-Single Occupancy Shared Bath	3,586	3,694	3,804	3,804	3,804	3,918	4,036	4,157	4,281	4,409
University Park Apartments										
Two Bedroom Double-Occupancy (Quad)	$2,248	$2,316	$2,386	$2,458	$2,458	$2,532	$2,608	$2,686	$2,767	$2,850
Two Bedroom B Single-Occupancy	2,996	3,086	3,178	3,272	3,372	3,473	3,577	3,685	3,795	3,909
Efficiency Single	3,614	3,724	3,836	3,950	3,950	4,069	4,191	4,316	4,446	4,579
Studio	3,502	3,608	3,716	3,828	3,828	3,943	4,061	4,183	4,308	4,437
Two Bedroom B Double-Occupancy	2,082	2,146	2,210	2,276	2,276	2,344	2,415	2,487	2,562	2,639
One Bedroom Double-Occupancy	2,610	2,688	2,768	2,850	2,850	2,936	3,024	3,114	3,208	3,304
Two Bedroom Single-Occupancy	3,776	3,890	4,006	4,126	4,126	4,250	4,377	4,509	4,644	4,783
Four Bedroom Single-Occupancy	3,504	3,610	3,718	3,830	3,830	3,945	4,063	4,185	4,311	4,440
University Park Towers										
Four Bedroom Single-Occupancy	$3,504	$3,610	$3,718	$3,830	$3,830	$3,945	$4,063	$4,185	$4,311	$4,440
Two Bedroom Single - Occupancy	NA	3,890	4,006	4,126	4,126	4,250	4,377	4,509	4,644	4,783
Studio	NA	3,608	3,716	3,828	3,828	3,943	4,061	4,183	4,308	4,437
Everglades Hall										
Three Bedroom Single-Occupancy	$3,298	$3,398	$3,500	$3,605	$3,605	$3,713	$3,825	$3,939	$4,057	$4,179
Lakeview Hall[3]										
Two Bedroom Double-Occupancy	$3,698	$4,222	$4,378	$4,509	$4,579	$4,716	$4,858	$5,004	$5,154	$5,309
Four Bedroom Single-Occupancy	4,288	4,830	4,906	5,053	5,123	5,277	5,435	5,598	5,766	5,939

[1] On-campus rental rates includes utilities, cable and internet.
[2] Assumes 3% annual growth after 2011-12.
[3] Rental rates include mandatory meal plan. Meal plan cost totaled $1,769 per semester in Fall 2011.

Comparison of Housing Rates

The University solicited Brailsford & Dunlavey to complete a survey of comparable off-campus facilities. The average rent for an off-campus two-bedroom apartment including estimated utility costs is currently $756 per month, per person. Off-campus students are generally required to pay for utilities and telephone service. Typical off-campus apartments require a 12-month lease with residents remaining liable for the total rental in the event a roommate withdraws from the University or fails to pay his or her portion of the rent. The off-campus facilities selected for this survey were located within a driving distance of up to 25 miles from the University. These off-campus accommodations are primarily occupied by non-students.

Currently, rental rates for the typical on-campus, fully furnished, air-conditioned two-bedroom apartment average $654 to $825 per month per student. These rates include all utility costs, local telephone service, basic cable television, pest control, unlimited on-line Internet access and a supervisory staff. The University's on-campus housing facilities rates compare favorably with off-campus housing rental rates.

Survey of Off-Campus Monthly Rental Rates
(As of Spring 2011)

Occupancy & Rental Rates By Location

Distance	Occupancy	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
0-4 Miles	94%	$927	$988	$1,167	$1,415
4-6 Miles	99%	n/a	$1,229	$1,391	$1,681
6-10 Miles	97%	n/a	$1,249	$1,576	$1,873
10-25 Miles	99%	$1,055	$1,078	$1,246	$1,963
Average	**97%**	**$1,012**	**$1,123**	**$1,312**	**$1,739**

Average Rental Cost Per Person

			% of Utilities Included in Rent[1]				
Distance	Avg. Rent/Person/Month	Security Deposit Required	Power	Cable	Trash	Water	Sewer
0-4 Miles	$733	$600 - $1,250	33%	0%	100%	17%	17%
4-6 Miles	$848	$250 - $1,122	0%	33%	83%	50%	67%
6-10 Miles	$961	$500 - $1,375	25%	25%	75%	75%	50%
10-25 Miles	$820	$199 - $1,250	30%	10%	60%	70%	0%
Average	**$841**	**$199 - $1,250**	**23%**	**15%**	**77%**	**54%**	**27%**

[1] Percent of off-campus units that include respective utility costs in rent.

Budgetary Process

Each spring, the proposed budget for the housing program for the ensuing fiscal year is finalized. The budget figures are based upon actual numbers from the prior year, current fiscal activity, and projected changes in cost structures anticipated for future fiscal years. The budget for the housing program is prepared by the Executive Director for Student Affairs Operations and Auxiliaries. The proposed budget is reviewed by the University Budget Office and approved by the Vice President for Student Affairs. Any changes to the total budget are submitted to the University Budget Office with a financial plan indicating the purpose of the proposed expenditure, the effect on revenues, and/or whether available cash balances will be used.

The Senior Associate Director for Housing oversees and monitors the budget and controls all purchasing and accounts payable activities. Budget plans are routinely adhered to with very few exceptions. The University Budget Office monitors each auxiliary enterprise to insure that budgeted spending authority is not exceeded.

Housing rental rate increases are implemented on a yearly basis. Both the Vice President for Student Affairs and the President of the University review and approve the budgets prior to forwarding to the Board of Trustees for concurrence.

The following table sets forth the Housing System proposed operating budgets and actual results for Fiscal Year 2010-11. This information has been prepared by the University on a cash basis for internal management purposes and has not been audited. The year over year, Fiscal Year 2010-11, revenue increase is due to an increase in occupancy rates across the housing system. Most notably, the occupancy rate for the BBC housing facility was 83% for Fiscal Year 2010-11, a 9% increase over the 74% average occupancy rate for the prior three years, which was the basis of the budget. The University projected that the Fiscal Year 2011-12 occupancy rates will return to a more normalized rate of approximately 95% across the system.

University Housing System Operating Budget

	Fiscal Year 2009-10			Fiscal Year 2010-11			Fiscal Year 2011-12
	Budget	**Actual**	**Difference**	**Budget**	**Actual**	**Difference**	**Budget**
Revenue from Operations	$23,287,251	$22,453,716	($833,535)	$23,288,039	$25,906,522	$2,618,483	$24,987,140
Expenditures:							
Salaries and Benefits	$3,442,486	$3,235,362	$207,124	$3,638,477	$3,572,551	$65,926	$4,064,489
OPS	1,182,227	988,849	193,378	1,141,192	974,358	166,834	1,100,083
Operating Expense	9,150,389	8,498,847	651,543	9,475,849	9,439,995	35,854	10,340,899
OCO	75,000	80,206	(5,206)	75,000	169,163	(94,163)	75,000
Debt Service Interest	3,710,883	3,715,340	(4,457)	3,541,692	3,537,603	4,090	3,363,587
Total Operating Expenses	$17,560,984	$16,518,603	$1,042,381	$17,872,210	$17,693,669	$178,541	$18,944,059
Income	$5,726,267	$5,935,113	$208,846	$5,415,829	$8,212,854	$2,797,025	$6,043,081
Investment Income	$97,536	$15,831	($81,705)	$33,588	$19,416	($14,172)	$24,399
Principal Payment of Debt	3,608,674	3,608,674	-	3,785,524	3,785,524	-	3,765,000
Net Transfers	(743,152)	(510,000)	233,152	(1,078,563)	34,017	1,112,580	(1,516,054)
Change in Net Assets	$1,471,977	$1,832,270	$360,293	$585,329	$4,480,762	$3,895,433	$786,426
Beginning Fund Balance	$13,688,894	$13,688,894	-	$15,521,164	$15,521,164	-	$20,001,926
Change in Net Assets	1,471,977	1,832,270	$360,293	585,329	4,480,762	3,895,433	786,426
Ending Fund Balance	$15,160,871	$15,521,164	$360,293	$16,106,494	$20,001,926	$3,895,433	$20,788,352

Selected Historical Financial Information

The following tables set forth selected historical financial information for the University Housing System for the five Fiscal Years ended June 30, 2011. 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 information provided below has been prepared on the accrual basis of accounting in accordance 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). 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 entity-wide reporting. As a result, the financial statements prepared for the fiscal years presented below include depreciation expense; assets and related liabilities from the investment in plant group; and construction assets, liabilities, and related financial activity. In addition, the Balance Sheets have been replaced by the Statement of Net Assets; and the Statement of Changes in Fund Balances has been replaced by the Statement of Revenues, Expenses and Changes in Net Assets.

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 Housing System
Statement of Net Assets (Unaudited)

	As of June 30,				
ASSETS	**2007**	**2008**	**2009**	**2010**	**2011**[1]
CURRENT ASSETS					
Cash and Cash Equivalents	$69,919	$657,661	$334,491	$1,072,789	
Investments	7,487,585	10,440,329	12,214,763	15,113,463	
Interest Receivable	4,135	-	-	-	Pending
Accounts Receivable	760,313	1,166,657	1,690,367	1,664,298	
Allowance for Uncollectibles	(320,232)	(166,668)	(174,682)	(909,340)	
Due from Other Funds	1,700,000	-	-	-	
Other Current Assets and Deferred Charges	59,812	81,122	108,162	27,041	
TOTAL CURRENT ASSETS	**$9,761,532**	**$12,179,101**	**$14,173,101**	**$16,968,251**	
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	$117,698	$1,856,746	$2,248,383	$1,791,876	
Restricted Investments	133,429	1,175,895	477,905	-	
Furniture and Equipment	878,254	934,083	789,384	823,914	
Property Under Capital Lease	869,746	869,746	869,746	869,746	Pending
Buildings	108,611,608	109,116,366	109,275,122	108,875,122	
Accumulated Depreciation	(15,912,205)	(19,288,671)	(22,227,639)	(25,241,500)	
Other Assets and Deferred Charges	662,494	608,413	554,333	608,414	
TOTAL NONCURRENT ASSETS	**$95,361,024**	**$95,272,578**	**$91,987,234**	**$87,727,572**	
TOTAL ASSETS	**$105,122,556**	**$107,451,679**	**$106,160,335**	**$104,695,823**	
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	$59,487	$145,245	$174,248	$175,185	
Construction Accounts Payable	-	97,278	-	-	
Accrued Salaries and Wages	148,947	168,486	81,949	119,388	
Deposits Payable	74,627	74,527	66,526	58,726	
Deferred Revenues	15,432	708,103	516,144	756,388	Pending
Capital Lease Liability-Current	165,724	172,077	178,674	185,525	
Compensated Absences Liability-Current	9,895	14,171	114,507	17,705	
Bonds Payable - Current	3,269,113	3,457,031	-	-	
Capital Improvement Debt Payable - Current	-	-	3,635,853	3,831,900	
TOTAL CURRENT LIABILITIES	**$3,743,225**	**$4,836,918**	**$4,767,901**	**$5,144,817**	
NONCURRENT LIABILITIES					
Capital Lease Liability-Non Current	$536,276	$364,199	$185,525	-	
Compensated Absences Liability-Non Current	99,088	230,419	221,092	$231,149	
Bonds Payable – Non Current, Net of Discount	82,583,123	-	-	-	Pending
Capital Improvement Debt Payable Non-Current Net of Discount	-	79,126,091	75,490,238	71,658,338	
TOTAL NONCURRENT LIABILITIES	**$83,218,487**	**$79,720,709**	**$75,896,855**	**$71,889,487**	
TOTAL LIABILITIES	**$86,961,712**	**$84,557,627**	**$80,664,756**	**$77,034,304**	
NET ASSETS					
Capital Project	$3,068,936	$5,006,801	-	-	
Invested in Capital Assets, Net of Related Debt	8,387,468	8,932,963	$8,738,992	$9,149,790	Pending
Restricted - Expendable	-	-	4,799,108	3,848,392	
Unrestricted	6,704,440	8,954,288	11,957,479	14,663,337	
TOTAL NET ASSETS	**$18,160,844**	**$22,894,052**	**$25,495,579**	**$27,661,519**	
TOTAL LIABILITIES AND NET ASSETS	**$105,122,556**	**$107,451,679**	**$106,160,335**	**$104,695,823**	

[1] Available October 31, 2011.

University Housing System
Statement of Revenues, Expenses, and Changes in Net Assets

	As of June 30,				
	2007	**2008**	**2009**	**2010**	**Pro-forma 2011**
OPERATING REVENUES					
RENTAL INCOME	**$19,577,253**	**$21,242,663**	**$22,865,946**	**$23,188,374**	**$25,983,956**
OPERATING EXPENSES					
Personnel Services	$3,518,822	3,994,637	3,948,091	4,237,266	4,546,909
Contractual Services	4,726,378	4,980,383	6,573,454	6,759,518	7,021,034
Depreciation Expense	3,705,747	3,376,466	3,065,008	3,013,861	3,002,483
Other Operating Expenses	2,259,103	1,910,157	2,146,378	1,899,705	2,496,395
TOTAL OPERATING EXPENSES	**$14,210,050**	**$14,261,643**	**$15,732,931**	**$15,910,350**	**$17,066,821**
OPERATING INCOME	**$5,367,203**	**$6,981,020**	**$7,133,015**	**$7,278,024**	**$8,917,135**
NON OPERATING REVENUES					
Interest on Asset Related Debt	($4,080,290)	($3,886,420)	($3,690,069)	($3,499,530)	($3,298,391)
Net Investment Income	880,667	1,695,745	(213,585)	329,312	19,416
Other Non Operating Revenues (Expenses)	1,412,876	(75,462)	(27,041)	(27,041)	-
TOTAL NON OPERATING REVENUES	**($1,786,747)**	**($2,266,137)**	**($3,930,695)**	**($3,197,259)**	**($3,192,401)**
INCOME BEFORE NET TRANSFERS	**$3,580,456**	**$4,714,883**	**$3,202,320**	**$4,080,765**	**$5,724,734**
Transfers In (Out)	(3,509,809)[1]	18,325	(600,793)	(1,514,825)[1]	(903,773)
CHANGE IN NET ASSETS	**$70,647**	**$4,733,208**	**$2,601,527**	**$2,565,940**	**$4,820,961**
Net Assets - Beginning of Year	**$18,090,197**	**18,160,844**	**22,894,052**	**25,495,579**	**$27,661,519**
Adjustment to Beginning Net Assets	-	-	-	(400,000)[2]	-
TOTAL NET ASSETS - BEGINNING - RESTATED	**$18,090,197**	**$18,160,844**	**$22,894,052**	**$25,095,579**	**$27,661,519**
TOTAL NET ASSETS - ENDING	**$18,160,844**	**$22,894,052**	**$ 25,495,579**	**$27,661,519**	**$32,482,480**

[1] Represents amounts paid to the University Facilities Department for completion of minor renovation and construction projects.
[2] Adjustment for legacy accounting cost valuation for buildings.

Discussion and Analysis of Financial Condition and Results of Operations

Statement of Revenues, Expenses, and Changes in Net Assets

The operations of the housing facilities depends primarily on revenues collected from room rentals, interest income, conference fees, concession revenues (laundry and vending activity), and processing fees that provide additional income to the auxiliary. Net revenues of the Housing System are the primary source of pledged revenues for the outstanding 1998, 2000 and 2004A Series Bonds. Operating expenses include costs associated with salaries, utilities, daily maintenance functions, administration, supplies, and outsourced contractual services. Non-operating revenues and expenses consist of investment income, interest expense and adjustments to the fair market value of investments.

In Fiscal Year 2009-10, operating revenues totaled $23.2 million, reflecting a 1.4 percent increase over Fiscal Year 2008-09. This increase of approximately $0.3 million is due to an average 3.0 percent increase in rental rates effective fall 2010, and a 3.0 percent increase in the meal plan rates. The Housing System collection rate approximates 99.98 percent for Fiscal Year 2009-10. Occupancy rates during Fiscal Year 2009-10 were 92.0 percent of capacity, a decrease of 3.0 percent occupancy rate from Fiscal Year 2008-09. Operating expenses related to the existing housing facilities remained fairly consistent from the prior year at $15.9 million during Fiscal Year 2009-10. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset related debt, realized investment income and adjustments to the fair market value of investments.

In Fiscal Year 2008-09, operating revenues totaled $22.9 million, reflecting a 7.6 percent increase over Fiscal Year 2007-08. This increase of approximately $1.6 million is due to an average 3.0 percent increase in rental rates effective fall 2008 and a 39.5 percent increase in the meal plan rates. The Housing System collection rate approximates 99.05 percent for Fiscal Year 2008-09. Rental rates increased at a rate of 3.0 percent for Fiscal Year 2008-09 and are expected to increase by 3.0 percent for Fiscal Year 2009-10. Occupancy rates during Fiscal Year 2008-09 were 95 percent capacity. Operating expenses related to the existing housing facilities totaled $15.7 million during Fiscal Year 2008-09, increasing by 10.3 percent from the prior year. The increase in expenses was primarily due to higher "pass through" costs associated with meal plan expenses.

In Fiscal Year 2007-08, operating revenues totaled $21.2 million, reflecting an 8.5 percent increase over Fiscal Year 2006-07. This increase of approximately $1.7 million is due to a 7.0 percent across-the-board increase in rental rates effective fall 2007, and a 3.0 percent increase in the meal plan rates. The Housing System collection rate approximates 99.15 percent for Fiscal Year 2007-08. Occupancy rates during Fiscal Year 2007-08 were 91 percent capacity. Operating expenses related to the existing housing facilities totaled $14.3 million during Fiscal Year 2007-08, increasing by less than one percent from the prior year.

Statement of Net Assets

Assets totaled $104.7 million on June 30, 2010. This amount is reported net of accumulated depreciation of $25.2 million. Total assets decreased by $1.5 million or 1.4 percent. Noncurrent assets decreased by $4.3 million, which is primarily attributable to current year depreciation of capital assets in the amount of $3.0 million; this is offset by an increase of $2.8 million in current assets, which relates to a $2.9 million increase in investments. Liabilities totaled $77.0 million on June 30, 2010, compared to $80.7 million on June 30, 2009. The decrease of 4.5 percent is attributed to the principal payments made for bond and capital lease liabilities. The Housing System’s total net assets balance of $27.7 million at the end of the year represents an 8.5 percent increase from the beginning total net assets balance of $25.5 million. Total net assets consisted of $3.8 million restricted expendable for capital projects, $14.7 million unrestricted and $9.2 million in capital assets, net of related debt.

Assets totaled $106.2 million on June 30, 2009. This amount is reported net of accumulated depreciation of $22.2 million. Total assets decreased by $1.3 million or 1.2 percent. Non-current assets decreased by $3.2 million, which is primarily attributable to the current year depreciation of capital assets; this is offset by an increase of $2.0 million in current assets, which relates to an increase in investments. Liabilities totaled $80.7 million on June 30, 2009, compared to $84.6 million on June 30, 2008. The decrease of 4.4 percent is attributed to the principal payments made for bond and capital lease liabilities. The Housing System’s total net assets balance of $25.5 million at the end of the year represents an increase 11.3 percent from the beginning total net assets balance of $22.9 million. The total net assets consisted of $4.8 million of capital projects, $12.0 million unrestricted and $8.7 million in capital assets, net of related debt.

Assets totaled $107.5 million on June 30, 2008. This amount is reported net of accumulated depreciation of $19.3 million. Total assets increased by $2.3 million or 2.2 percent over Fiscal Year 2006-07. Current assets increased by $2.4 million specifically related to an increase in investments of $3.0 million and an increase in accounts receivable of $0.4 million. Liabilities totaled $84.6 million on June 30, 2008, compared to $87.0 million on June 30, 2007. The decrease of 2.8 percent is attributed to the principal payments made for bond and capital lease liabilities. The Housing System’s total net assets balance of $22.9 million at the end of the year represents an increase 26.1 percent from the beginning total net assets balance of $18.2 million. The total net assets consisted of $5.0 million of capital projects, $9.0 million unrestricted and $8.9 million in capital assets, net of related debt.

Historical Debt Service Coverage

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

	Historical[1]				
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Operating Revenues					
Rental Income	$19,577,253	$21,242,663	$22,865,946	$23,188,374	$25,983,956
Total Housing System Revenues	**$19,577,253**	**$21,242,663**	**$22,865,946**	**$23,188,374**	**$25,983,956**
Current Expenses[2]					
Personnel Services	$3,518,822	$3,994,637	$3,948,091	$4,237,266	$4,546,909
Contractual Services	4,726,378	4,980,383	6,573,454	6,759,518	7,021,034
Other Operating Expenses	2,259,103	1,910,157	2,146,378	1,899,705	2,496,395
Total Current Expenses	**$10,504,303**	**$10,885,177**	**$12,667,923**	**$12,896,489**	**$14,064,338**
Net Housing System Revenues	$9,072,950	$10,357,486	$10,198,023	$10,291,885	$11,919,618
Interest Income[3]	$880,667	$1,695,745	$(213,585)	$329,312	$19,416
Non-operating Income/(Expense)	$880,667	$1,695,745	($213,585)	$329,312	$19,416
Pledged Revenues	**$9,953,617**	**$12,053,231**	**$9,984,438**	**$10,621,197**	**$11,939,034**
Annual Debt Service	**$7,124,989**	**$7,131,329**	**$7,129,249**	**$7,124,129**	**$7,129,454**
Maximum Annual Debt Service	**$7,131,329**	**$7,131,329**	**$7,131,329**	**$7,131,329**	**$7,131,329**
Coverage Ratios					
Annual Debt Service	**1.40x**	**1.69x**	**1.40x**	**1.49x**	**1.67x**
Maximum Annual Debt Service	**1.40x**	**1.69x**	**1.40x**	**1.49x**	**1.67x**

[1] The financial information related to revenues and expenses was provided by the University and has not been audited and is based on the existing Housing System.

[2] Current expenditures include costs associated with salaries, utilities, routine maintenance, supplies and repairs, less depreciation expense.

[3] Prior to Fiscal Year 2010-11, Interest Income reflects changes in market valuation of the investment portfolio. FIU's new policy is that interest income will only reflect realized income.

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.

Projected Debt Service Coverage[1]

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Operating Revenues					
Rental Income[2]	$25,137,479	$24,541,882	$24,723,322	$25,414,097	$26,125,595
Total Housing System Revenues	**$25,137,479**	**$24,541,882**	**$24,723,322**	**$25,414,097**	**$26,125,595**
Current Expenses[3,4]					
Personnel Services	$5,164,572	$4,943,935	$5,078,565	$5,187,917	$5,290,726
Contractual Services	7,466,040	7,361,051	7,432,462	7,638,532	7,658,445
Other Operating Expenses	3,025,199	2,537,994	2,572,077	2,680,759	2,731,651
Total Current Expenses	**$15,655,811**	**$14,842,980**	**$15,083,104**	**$15,507,208**	**$15,680,822**
Net Housing System Revenues	**$9,481,668**	**$9,698,902**	**$9,640,218**	**$9,906,889**	**$10,444,773**
Interest Income[5,6]	$24,399	$395,105	$591,321	$536,639	$552,031
Non-operating Income/(Expense)	$24,399	$395,105	$591,321	$536,639	$552,031
Pledged Revenues	**$9,506,067**	**$10,094,007**	**$10,231,539**	**$10,443,528**	**$10,996,804**
Annual Debt Service	**$6,867,868**	**$6,924,022**	**$6,927,012**	**$6,934,214**	**$6,933,093**
Maximum Annual Debt Service	**$6,934,214**	**$6,934,214**	**$6,934,214**	**$6,934,214**	**$6,933,093**
Coverage Ratios					
Annual Debt Service	**1.38x**	**1.46x**	**1.48x**	**1.51x**	**1.59x**
Maximum Annual Debt Service	**1.37x**	**1.46x**	**1.48x**	**1.51x**	**1.59x**

1 The financial information related to revenues and expenses was provided by the University and has not been audited.
2 Rental Income is projected to increase by 3 percent every fiscal year starting in Fiscal Year 2012-13 at the Modesto Maidique Campus and 3 percent in Fiscal Year 2014-15 at the Biscayne Bay Campus.
3 Current expenditures include costs associated with salaries, utilities, routine maintenance, supplies and repairs, less depreciation expense.
4 Employee salaries, fringe benefits and other personnel services are projected to increase 2 percent per year.
5 Prior to Fiscal Year 2010-11, Interest Income reflects changes in market valuation of the investment portfolio. FIU's new policy is that interest income will only reflect realized income.
6 Increased interest earnings beginning in Fiscal Year 2012-13 are based on higher projected ending cash balances and a slow recovery in treasury rates over the projection period.

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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 total estimated debt service.

Fiscal Year Ended June 30	Outstanding Bonds[1]	2011A Bonds Estimated Debt Service Principal[2]	Interest	Total	Total Estimated Debt Service
2012	$6,447,476	-	$420,392	$ 420,392	$6,867,868
2013	4,573,500	$1,605,000	745,522	2,350,522	6,924,022
2014	4,570,750	1,630,000	726,262	2,356,262	6,927,012
2015	4,576,750	4,576,750	1,655,000	702,464	2,357,464
2016	4,575,750	4,575,750	1,685,000	672,343	2,357,343
2017	2,497,750	2,497,750	1,720,000	635,779	2,355,779
2018	2,501,550	2,501,550	1,755,000	593,639	2,348,639
2019	2,498,550	2,498,550	1,805,000	545,376	2,350,376
2020	2,498,950	2,498,950	1,860,000	490,685	2,350,685
2021	2,502,550	2,502,550	1,925,000	428,933	2,353,933
2022	2,501,125	2,501,125	1,990,000	361,750	2,351,750
2023	2,497,575	2,497,575	2,095,000	262,250	2,357,250
2024	2,500,263	2,195,000	157,500	2,352,500	4,852,763
2025	3,955,325	955,000	47,750	1,002,750	4,958,075
2026	3,955,500	-	-	-	3,955,500
2027	3,949,825	-	-	-	3,949,825
2028	3,953,300	-	-	-	3,953,300
2029	2,220,250	-	-	-	2,220,250
2030	2,218,525	-	-	-	2,218,525
2031	2,218,425	-	-	-	2,218,425
2032	2,219,725	-	-	-	2,219,725
2033	2,222,200	-	-	-	2,222,200
2034	2,220,625	-	-	-	2,220,625
	$73,876,239	$22,875,000	$6,790,643	$29,665,643	$103,541,881

[1] Debt Service for Fiscal Year ending 2012 includes $481,165 of accrued debt service on the Refunded Bonds. Excludes annual debt service of approximately $1.2 million in 2012, $2.5 million in 2013-2024 and $1.1 million in 2025 on the Refunded Bonds which will be economically but not legally defeased.

[2] Preliminary, subject to change.

Note: Totals may not add due to rounding.

PROVISIONS OF STATE LAW

Bonds Legal Investment for Fiduciaries

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

Negotiability

The 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 Series 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 Series 2011A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The Series 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 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 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 2011A Bonds and their market value. No assurance can be given that legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse affect upon, the 2011A Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been made and others are likely to be made that could significantly reduce the benefits of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2011A Bonds. There can be no assurance that this legislation will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of the 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

All State funds are invested by either the Chief Financial Officer or the Board of Administration.

Funds held pursuant to the Resolution - The Resolution directs the manner in which amounts held in the various funds may be invested. At closing, the net proceeds of the 2011A Bonds will be deposited into a fund in the State Treasury of Florida. After collection, the Pledged Revenues are transferred to the Revenue Fund in the State Treasury, and amounts required for debt service are transferred to the Sinking Fund held by the Board of Administration. See "*Investment by the Chief Financial Officer*" and "*Investment by the Board of Administration*" below.

Investment by the Chief Financial Officer - Funds held in the State Treasury are invested by internal and external investment managers. As of June 30, 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, Moody's Investors Service and Fitch Ratings (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of ____, ____ and ____, 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 Division of Bond Finance, the Board and the University 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: MBIA Insurance Corporation - S&P/B, Moody's/B3. MBIA has a negative outlook by S&P and Moody's. Fitch has withdrawn its ratings for MBIA. 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, the proceedings and authority under which such 2011A Bonds are to be issued, 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 certain 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 G, 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 of Governors, 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][minus] an original issue [premium][discount] of $________________ and minus the Underwriters' discount of $____________). Underwriters may offer and sell the 2011A Bonds to certain dealers (including dealers depositing bonds into investment trusts), at prices lower than the initial offering price set forth on the inside front cover.

Execution of Official Statement

This Official Statement has been prepared by the Division of Bond Finance as agent for the Board of Governors pursuant to Section 215.61(4), Florida Statutes, and the proceedings referred to herein. The Division of Bond Finance and the Board of Governors 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

APPENDIX A

DEFINITIONS

“1998 Bonds” means the $26,525,000 State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998.

“2000 Bonds” means the $14,605,000 State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000.

"2004A Bonds" means the $53,915,000 State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2004A Bonds.

"2011A Bonds" means the $_________ State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series 2011A, authorized by the Fourth Supplemental Resolution.

“Accreted Value” means, as of any date of computation with respect to any Capital Appreciation Bond, 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 to the date of computation if such date is 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 Bonds” means any obligations issued pursuant to the terms and conditions of the Resolution and payable from the Pledged Revenues on a parity with the 1998 Bonds originally issued hereunder. Such Additional Bonds shall be deemed to have been issued pursuant to the Resolution the same as the Bonds originally authorized and issued pursuant to the Resolution, and all of the applicable covenants and other provisions of the Resolution (except as to details of such Additional Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to the Resolution, and the Registered Owners of any Additional Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with the Resolution. All of such Additional 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 or priority of any Bonds over any other. Additional Bonds shall also include any outstanding indebtedness previously issued with respect to any facility which is being added to the Housing System and which is secured by the revenue of such facility.

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

“Amortization Installment” means an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided 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.

“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 July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

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

“Board of Governors” 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.

“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 shall 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, or its successor.

“Bonds” means the Outstanding Bonds, the 2011A Bonds and any Additional Bonds.

“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.

“Capital Appreciation Bonds” means those Bonds issued under the 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.

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

“Current Expenses” means and include all necessary operating expenses, commissions, current maintenance charges, expenses of reasonable upkeep and repairs, and all other expenses of the Board of Governors 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 of Governors 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 Housing System Maintenance and Equipment Reserve Fund hereinafter provided for.

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

“Escrow Deposit Agreement” means the escrow deposit agreement to be entered into by and among the Division, the Board of Administration and the Board which shall govern and provide for the payment and retirement of the Refunded Bonds.

“Federal Obligations” means direct obligations of the United States of America, Resolution Funding Corporation (“REFCORP”) interest strips, or direct non-prepayable obligations the principal and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Obligations shall not mean unit investment trusts or mutual funds.

“Fiscal Year” means the period beginning with and including July 1 of each year and ending with and including the next June 30.

"Fourth 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 $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds.

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

“Housing System” shall, upon the defeasance of the Refunded Bonds, mean the housing system on the campuses of the University which shall include the following:

(1) the North Campus Apartments,
(2) the University Park Apartments,
(3) Panther Hall,
(4) University Park Towers,
(5) Everglades Hall,
(6) Lakeview Hall, and,
(7) such additional facilities as at some future date maybe added to the Housing System.

“Housing System Maintenance and Equipment Reserve Fund” means the fund required to be created pursuant to Section 4.02(A)(3) of the Resolution.

“Housing System Revenues” means all fees, rentals or other charges and income received by the University from students, faculty members, tenants 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 Outstanding, or all Bonds Outstanding, as the case may be), required to be deposited into the Sinking Fund during the then current or any succeeding Fiscal Year. 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, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Maximum Annual Debt Service for that Fiscal Year.

“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; 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.

(v) Bonds with respect ot 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 payments).

“Original Resolution” means the resolution adopted on June 9, 1998, as amended by a resolution adopted on September 23, 1998 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998.

"Outstanding Bonds" means the Outstanding 1998 Bonds, the Outstanding 2000 Bonds, and the Outstanding 2004A Bonds.

"Pledged Revenues" means the Housing System Revenues after deducting the Current Expenses and the Administrative Expenses.

"Principal Payment Date" means, for each Series of Bonds, the dates during each Fiscal Year on which 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" 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.

"Rebate Fund" means the Rebate Fund created and established pursuant to Section 6.04 of the Resolution.

"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.

"Refunded Bonds" means all or a portion of the Outstanding State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and Series 2000, to be refunded by the Refunding Bonds.

"Refunding Bonds" means the State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series 2011A.

"Registered Owner" means the owner of any Bond or Bonds as shown on the registration books kept by the Bond Registrar/Paying Agent.

"Reserve Account" means the account within the Sinking Fund created pursuant to Section 4.02(A)(2) of the Resolution.

"Reserve Account Credit Facility" means a Reserve Account Insurance Policy, Reserve Account Letter of Credit or other comparable insurance or financial product, if any, deposited into the Reserve Account in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Credit Facility other than a Reserve Account Insurance Policy or a Reserve Account Letter of Credit 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 into the Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Insurance Policy shall be assigned one of the two highest policyholder ratings accorded insurers by A.M. Best & Company or any comparable service.

"Reserve Account Letter of Credit" means the irrevocable, transferable letter of credit, if any, deposited into the Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be 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 a rating of municipal obligations secured by such letter of credit being in one of the two highest full rating categories of a Rating Agency.

"Reserve Requirement" means, as of any date of calculation with respect to all Bonds issued hereunder, 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, (2) 125% of the average annual debt service of the Bonds for the then current and succeeding Fiscal Years, (3) 10% of the par amount of the Bonds, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations and applicable to the Bonds under the Code.

"Resolution" means the original resolution adopted on June 9, 1998, as amended by a resolution adopted on September 23, 1998, and as further amended and supplemented through the Fourth Supplemental Resolution by the Governor and Cabinet as the Governing Board of the Division of Bond Finance.

"Revenue Fund" means the Florida International University Housing Facility Revenue Fund created and established pursuant to Section 4.02 of the 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 of the Resolution, regardless of variations in maturity, interest rate or other provisions.

"Sinking Fund" means the Florida International University Housing Facility Sinking Fund created and established pursuant to Section 4.02(A)(2) of the Original Resolution.

"State" means the State of Florida.

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

"State Bond Act" means Sections 215.57-215.83, Florida Statutes, as amended from time to time.

"Term Bonds" means the Bonds of a Series which shall be subject to mandatory redemption prior to maturity and shall be stated to mature on one date and for which Amortization Installments are required to be made into the Sinking Fund, hereinafter created, as may be determined pursuant to a subsequent resolution of the Division of Bond Finance.

"University" means the Florida International University.

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

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(The following Original Resolution adopted on June 9, 1998 reflects amendments made by a resolution adopted on September 23, 1998.)

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $29,140,000 STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA INTERNATIONAL UNIVERSITY HOUSING FACILITY REVENUE BONDS, SERIES 1998, TO FINANCE THE CONSTRUCTION OF A STUDENT HOUSING COMPLEX AND SUPPORT SERVICES FACILITY AT THE FLORIDA INTERNATIONAL 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 OF FLORIDA 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
AUTHORITY AND DEFINITIONS

SECTION 1.01. 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; Chapters 240 and 243, Florida Statutes, and other applicable provisions of law.

SECTION 1.02. 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 Bond, 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 to the date of computation if such date is 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 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 1998 Bonds originally issued hereunder. Such Additional 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 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 Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with this Resolution. All of such Additional 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 or priority of any Bonds over any other. Additional Bonds shall also include any outstanding indebtedness previously issued with respect to any facility which is being added to the Housing System and which is secured by the revenue of such 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.

"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.

"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 Insurance Policy" shall mean an insurance policy issued for the benefit of the Registered Owners of any Bond, pursuant to which the issuer of such insurance policy shall 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 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 bond registrar or paying agent, as applicable.

"Bonds" shall mean the 1998 Bonds and any Additional Bonds.

"Bond Year" shall mean, 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.

"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.

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

"Completion Bonds" shall mean those Bonds issued to pay the cost of completing any project being financed by the issuance of Bonds and meeting the requirements of Section 5.04 of this Resolution.

"Current Expenses" shall mean and include all necessary operating expenses, commissions, current maintenance charges, expenses of reasonable upkeep and repairs, and all other expenses of the Board of Regents 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 of Regents 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 Housing System 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 of Florida.

"Excess Existing Housing Facilities Revenues" shall mean, as of September 30 in each year, the net operating income of the Existing Housing Facilities after payment of the amounts due by the University to the Dade County Educational Facilities Authority pursuant to the loan agreement dated October 15, 1993 between the University and the Dade County Educational Facilities Authority with respect to the Outstanding Obligations.

"Existing Housing Facilities" shall mean the existing housing facilities on the campuses of the University the revenues of which are pledged to the repayment of the Outstanding Obligations, which include the Bay Vista Housing Complex on the North Campus in North Miami, and the University Park Apartment Complex and Panther Hall, both on the University Park Campus.

"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 as the governing board of the Division of Bond Finance of the State Board of Administration of Florida.

"Housing System" shall mean the housing system on the campus of the University which is hereby defined as and shall include the following:

(1) the 1998 Project;

(2) the North Campus Apartment Complex, when completed, to be constructed on the North Miami Campus from other moneys available to the University; and

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

"Housing System Maintenance and Equipment Reserve Fund" shall mean the fund required to be created pursuant to Section 4.02(A)(3) hereof.

"Housing System Revenues" shall mean all fees, rentals or other charges and income received by the University from students, faculty members, tenants 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" shall mean, 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" shall mean, at any time, the maximum amount (with respect to the particular Series of Bonds Outstanding, or all Bonds Outstanding, as the case may be), required to be deposited into the Sinking Fund during the then current or any succeeding Fiscal Year. 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, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Maximum Annual Debt Service for that Fiscal Year.

"1998 Bonds" shall mean the not exceeding $29,140,000 State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998.

"1998 Project" shall mean the student housing complex and support services facilities on the campus of the Florida International University as previously approved by the Board of Regents and by the Florida Legislature in the

Conference Committee Report on HB 4201, and subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Regents.

“1998 Project Construction Fund” shall mean a trust fund in which shall be deposited the net proceeds of the 1998 Bonds and other available moneys for the construction of the 1998 Project.

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

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

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

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

(iv) For purposes of any consent or other action to be taken hereunder by the 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.

“Outstanding Obligations” shall mean the $29,345,000 Dade County Educational Facilities Authority Revenue and Revenue Refunding Bonds, Series 1993 (Florida International University Project), dated October 15, 1993 which are payable from the net operating income of the Existing Housing Facilities. Outstanding Obligations shall also include obligations issued to refund Outstanding Obligations which do not result in any greater annual debt service requirements on the Outstanding Obligations and which mature not later than the Outstanding Obligations.

“Pledged Revenues” shall mean (1) the Housing System Revenues after deducting the Current Expenses and the Administrative Expenses, and, (2) the Excess Existing Housing Facilities Revenues, if any.

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

“Project Costs” shall mean the actual costs of the 1998 Project, including costs of design and construction; materials, labor, equipment and apparatus; sitework and landscaping; interest on the Bonds for a reasonable period after the date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Regents necessary for the renovation and placing in operation of the 1998 Project and the financing thereof.

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

“Rebate Amount” shall mean 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.

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

“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 the owner of any Bond or Bonds as shown on the registration books kept by the Bond Registrar/Paying Agent.

“Reserve Account” shall mean the account within the Sinking Fund created pursuant to Section 4.02(A)(2) of this Resolution.

“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 into the Reserve Account in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Credit Facility other than a Reserve Account Insurance Policy or a Reserve Account Letter of Credit 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 into the Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Insurance Policy shall be assigned one of the two highest policyholder ratings accorded insurers by A.M. Best & Company or any comparable service.

“Reserve Account Letter of Credit” shall mean the irrevocable, transferable letter of credit, if any, deposited into the Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be 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 a rating of municipal obligations secured by such letter of credit being in one of the two highest full rating categories of a Rating Agency.

“Reserve Requirement” shall mean, as of any date of calculation with respect to all Bonds issued hereunder, 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, (2) 125% of the average annual debt service of the Bonds for the then current and succeeding Fiscal Years, (3) 10% of the par amount of the Bonds, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations and applicable to the Bonds under the Code.

“Resolution” shall mean this resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance.

“Revenue Fund” shall mean the Florida International University Housing Facility 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 International University Housing Facility Sinking Fund created and established pursuant to Section 4.02(A)(2) of this Resolution.

“State” shall mean the State of Florida.

“State Bond Act” shall mean Sections 215.57-215.83, Florida Statutes, as amended from time to time.

“Term Bonds” shall mean the Bonds of a Series which shall be subject to mandatory redemption prior to maturity and shall be stated to mature on one date and for which Amortization Installments are required to be made into the Sinking Fund, hereinafter created, as may be determined pursuant to a subsequent resolution of the Division of Bond Finance.

“University” shall mean the Florida International 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 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds by those who shall be Registered Owners of 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 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 1998 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 International University Housing Facility Revenue Bonds, Series 1998" (or such other designation as may be determined by the Director of the Division of Bond Finance), 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 exceeding Twenty Nine Million One Hundred Forty Thousand Dollars ($29,140,000), for the purpose of financing all or a portion of the cost of the 1998 Project.

SECTION 2.02. DESCRIPTION OF BONDS; PAYMENT OF PRINCIPAL AND INTEREST. Unless otherwise specified by the Division in a subsequent resolution, the Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be issued in the form of fully registered Bonds without coupons. The Bonds shall be dated; shall bear interest, which may be fixed or variable, at a rate not exceeding the rate permitted by law; shall be numbered consecutively from one upward; shall be in denominations and shall mature on such dates, in such years and in such amounts, all as determined pursuant to subsequent resolution of the Division.

The Bonds may be sold at one time or in Series from time to time as the Division of Bond Finance may determine pursuant to 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. The principal amount of the Bonds shall be paid to the Registered Owner on the maturity date of the Bonds, unless redeemed prior thereto as determined pursuant to a subsequent resolution of the Division, upon presentation and surrender of the Bonds at the corporate trust office of the Bond Registrar/Paying Agent.

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 as of 5:00 p.m. (local time, New York, New York) on the Record Date next preceding such Interest Payment Date; provided, however, that if the Record Date is a Saturday, Sunday or holiday, then to the Registered Owner and at the address shown on the registration books at the close of business on the day next preceding such Record Date which is not a Saturday, Sunday or holiday. However, Capital Appreciation Bonds shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof. Interest on the Bonds shall be paid by check or draft mailed on each Interest Payment Date (or transferred by a mode at least equally as rapid as mailing) from the Bond Registrar/Paying Agent to the Registered Owner, or in certain cases shall be paid by wire transfer as provided pursuant to subsequent resolution of the Division.

SECTION 2.03. BONDS MAY BE ISSUED AS SERIAL BONDS, TERM BONDS, ETC. 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 2.04. PRIOR REDEMPTION OF THE BONDS. The Bonds of each Series may be made redeemable in such manner and upon such terms and conditions as provided in this Resolution and in the Notice of Bond Sale for such Series, 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 such official 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 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 CUSIP number and the serial or other distinctive numbers or letters of the Bonds to be redeemed, if less than all, the date fixed for redemption, 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 Bond Registrar/Paying Agent shall not be required to issue, transfer or exchange of any of the Bonds on a Record Date.

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 canceled by the Bond Registrar/Paying Agent and shall not be reissued.

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

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all 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 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, 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 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 2.05. 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 authorized member of the Board of Regents, and the corporate seal of the Board of Regents or a facsimile thereof shall be affixed thereto or reproduced thereon. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Bonds. 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.

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

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 2.06. 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 the 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 2.07. 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 or Bonds of authorized denominations 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 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.

Notwithstanding the foregoing provisions of this section, 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 and the State of Florida relating thereto.

SECTION 2.08. 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 2.09. DISPOSITION OF BONDS PAID OR EXCHANGED. Whenever any Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall either be canceled and retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division of Bond Finance or the Board of Administration, or, at the option of the Division of Bond Finance or the Board of Administration, shall be canceled and destroyed by the Bond Registrar/Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division of Bond Finance or the Board of Administration.

SECTION 2.10. 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 ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Division of Bond Finance may prescribe and paying such expense as the Division of Bond Finance may incur. All Bonds so surrendered shall be canceled by the Bond Registrar/Paying Agent. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Division of Bond Finance may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

SECTION 2.11. 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:

(Form of Bond intentionally omitted)

ARTICLE III
AUTHORITY TO CONSTRUCT THE 1998 PROJECT; APPLICATION OF PROCEEDS; INVESTMENT OF 1998 PROJECT CONSTRUCTION FUND

SECTION 3.01. AUTHORITY TO CONSTRUCT THE 1998 PROJECT. The Board of Regents is authorized to cause the completion of the 1998 Project from the proceeds derived from the sale of the 1998 Bonds and other legally available funds, subject to the provisions of this Resolution and the applicable laws of the State.

SECTION 3.02. APPLICATION OF 1998 BOND PROCEEDS. Upon receipt of the proceeds of the sale of the 1998 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 1998 Bonds, including a reasonable charge for the Division of Bond Finance's services, including arbitrage compliance program set-up, the Division of Bond Finance shall transfer and deposit the remainder of the 1998 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 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(A)(2), may elect at any time to provide in lieu of all or a portion of such funds, a Reserve Account Credit Facility.

(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 this Resolution, and used for the payment of interest on the Bonds.

(3) After making the transfers provided for in (1) and (2) above, the balance of the proceeds of the 1998 Bonds shall be transferred to and deposited into the 1998 Project Construction Fund, which is hereby created in the State Treasury, and used for the purposes of said 1998 Project Construction Fund.

Any unexpended balance remaining in the 1998 Project Construction Fund, after a consulting architect shall certify that the 1998 Project has been completed and all costs thereof paid or payment provided for, shall be deposited into the Sinking Fund created by this Resolution.

In addition to the aforementioned proceeds of the 1998 Bonds, the Board of Regents covenants that it will deposit into the 1998 Project Construction Fund additional funds legally available for such purpose which, together with the proceeds of the 1998 Bonds, will be sufficient to finance the total 1998 Project Costs. Any such additional funds, other than the proceeds of the 1998 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 1998 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 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 1998 PROJECT CONSTRUCTION FUND. Any moneys in the 1998 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 to be received under this Resolution as provided for in Section 6.01 of 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 Registered 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. (A) Upon collection, the Pledged Revenues shall be deposited daily by the University into the "Florida Board of Regents Florida International University Clearing Account", in a bank approved by the Board of Regents and the State Treasurer and from there shall be transferred on a daily basis to a separate fund held by the State Treasurer. This separate fund shall be known as the "Florida International University Housing System 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:

(1) first, for payment of Current Expenses of the Housing System as necessary, as determined by the University;

(2) second, a sufficient amount of moneys shall be transferred no later than thirty days before an Interest Payment Date and/or a Principal Payment Date, to the Board of Administration to be used as follows:

(a) for payment of the Administrative Expenses;

(b) for deposit into the Sinking Fund, which is hereby created, 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;

(c) for the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, which is hereby created in the Sinking Fund in an amount equal to the Reserve Requirement.

The moneys in the Reserve Account shall be used for the payments provided for in (b) 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 (b) 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 be used for the purposes and in the priority established in this Section.

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 the Reserve Account, one or more Reserve Account Credit Facilities for the benefit of the Registered Owners, in an amount which, together with sums on deposit, equals the Reserve Requirement. In no event shall the use of such Reserve Account Credit Facilities be permitted if such use 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. The Reserve Account Credit Facilities 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. If more than one Reserve Account Credit Facility is deposited into the Reserve Account, each Reserve Account Credit Facility shall be drawn upon in a proportion equal to its relative share of the amounts in the Reserve Account. 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 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. To the extent that the Board of Regents reinstates a Reserve Account Credit Facility or reimburses a Reserve Account Credit Facility provider, such reinstatement or reimbursement shall be in proportion to the amounts drawn from the various Reserve Account Credit Facilities.

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 sub-paragraph (b) of this paragraph, 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 for payment of principal or interest only when the other moneys in the Sinking Fund available for such purpose are insufficient therefor.

Any moneys in the Reserve Account in excess of the amount required to be maintained therein shall be used for the purposes and in the priority established by this Section; and

(d) 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;

(3) third, when sufficient amounts have been accumulated in the Revenue Fund to satisfy the requirements of paragraphs (1) and (2) above, moneys shall be deposited by the University into the Housing System Maintenance and Equipment Reserve Fund to be established by the University for the Housing System 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 into the Housing System 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 in such account as required by the Board of Regents.

The moneys in said Housing System 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 and furnishings not paid as part of the ordinary and normal expense of the operation and maintenance of the Housing System.

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 of or interest on the Bonds, then moneys in said Housing System Maintenance and Equipment Reserve Fund may be transferred by the University to the Board of Administration to be deposited into the Sinking Fund to the extent necessary to eliminate such deficiencies and to avoid a default;

(4) fourth, the balance of any money not needed for the payments provided in (1), (2) and (3) above, shall be applied in the sole discretion of the University for:

(a) optional redemption or purchase of Bonds; or

(b) any lawful purpose of the University.

(B) 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.

(C) 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.

(D) 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 or 215.47, Florida Statutes, where applicable. When so invested or reinvested, 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 BONDS; REFUNDING BONDS AND ISSUANCE OF OTHER OBLIGATIONS

SECTION 5.01. ISSUANCE OF ADDITIONAL BONDS. The Division of Bond Finance is authorized to issue Additional Bonds, but only upon the following terms, restrictions and conditions:

(A) The proceeds from such Additional Bonds shall be used either (1) to acquire and construct capital additions or improvements to the Housing System, or (2) to refund outstanding bonds.

(B) The Board of Regents shall request the issuance of such Additional Bonds.

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

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

(1) the average annual amount of Pledged Revenues from the two Fiscal Years immediately preceding the issuance of the proposed Additional Bonds, adjusted as hereinafter provided, and;

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

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

(F) The average annual 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 (D)(1) above, will be at least equal to one hundred twenty percent of the Maximum Annual Debt Service on (i) the Bonds then Outstanding, and (ii) the Additional Bonds then proposed to be issued;

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

(1) If the Board of Regents or the University, prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees, rentals or other charges for the services or facilities of the Housing System or the Existing Housing Facilities, the average annual amount of Pledged Revenues for the two immediately preceding Fiscal Years prior to the issuance of said Additional Bonds, as certified by the Board of Regents or other appropriate State official, shall be adjusted to show the Pledged Revenues which would have been derived from the Housing System and the Existing Housing Facilities as if such increased rates, fees, rentals or other charges for the services or facilities of the Housing System and the Existing Housing Facilities had been in effect during all of such two preceding Fiscal Years.

(2) If the Board of Regents or the University shall have acquired or shall have contracted to acquire any privately or publicly owned existing facility for inclusion in the Housing System or the Existing Housing Facilities, or shall include in the Housing System or the Existing Housing Facilities any facility which was not previously included therein, then the average annual amount of Pledged Revenues derived from the Housing System or the Existing Housing Facilities during the two immediately preceding Fiscal Years prior to the issuance of said Additional 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 facility so acquired or included as if such existing facility had been a part of the Housing System or the Existing Housing Facilities during all of such two Fiscal Years. For the purposes of this paragraph, the revenues derived from said existing 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 facility from the gross revenues of said facility in the same manner provided in this 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.

(3) (As amended on September 23, 1998.) Should the Board of Regents or the University have constructed or be constructing a facility or additions, extensions or improvements to the Housing System or the Existing Housing Facilities, 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, and if such revenues were collected for less than the entire two Fiscal Years immediately preceding the certification required pursuant to paragraph (D)(1) above, the average annual amount of Pledged Revenues for the two immediately preceding Fiscal Years prior to the issuance of such Additional Bonds, as certified by the Board of Regents, or other appropriate State official, shall be adjusted to include any additional Pledged Revenues which would have been received from the users of such facilities if the rates, fees, rentals or other charges so established had been in effect during all of such two preceding Fiscal Years.

SECTION 5.02. REFUNDING BONDS. The Bonds originally issued pursuant to this Resolution then Outstanding, together with all Additional Bonds issued and then Outstanding, may be refunded as a whole or in part. If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is equal to or less than the corresponding Annual Debt Service Requirement of the refunded Bonds, then the provisions of subsections 5.01(A), (D) and (F) of this Resolution shall not apply to the issuance of the refunding Bonds.

If the Annual Debt Service Requirement of the refunding Bonds in any Fiscal Year is greater than the Annual Debt Service Requirement of the refunded Bonds, then the provisions of subsections 5.01(B) through (F) of this Resolution shall apply to the issuance of such 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 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, 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 and parity refunding Bonds or Completion Bonds provided for in Section 5.01, 5.02 or 5.04 hereof, shall contain an express statement that such obligations are junior and subordinate to the Bonds, as to lien on and source and security for payment from such Pledged Revenues.

The Board of Regents specifically covenants that it will not hereafter issue any obligations (excluding refunding obligations which do not result in any greater annual debt service requirements on the Outstanding Obligations and which mature not later than the Outstanding Obligations) pursuant to the proceedings which authorized the Outstanding Obligations which will rank on a parity with or senior to the Bonds as to any of the Pledged Revenues.

SECTION 5.04. COMPLETION BONDS. The Division of Bond Finance may issue 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 construction fund for such costs shall be equal to or less than 20% of the original estimated cost of the project on the delivery date of the Series of Bonds issued to finance the project for which the Completion Bonds are being issued.

ARTICLE VI
COVENANTS WITH REGISTERED OWNERS

SECTION 6.01. PLEDGE OF PLEDGED REVENUES. The Board of Regents hereby covenants and agrees with the Registered Owners of 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 such other amounts as are provided for in this Resolution, 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 apply the Pledged Revenues as 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 apply the Pledged Revenues as provided in 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 fees, rentals and other amounts charged all individuals being served by 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 to be derived from the operation of 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 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 of an amount equal to the Annual Debt Service Requirement for the Bonds and at least one hundred percent of all other payments required by the terms of this Resolution.

(B) 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 fix 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 to provide for any deficiencies in prior Fiscal Years.

SECTION 6.04. COMPLIANCE WITH TAX REQUIREMENTS. (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 applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Code as shall be set forth in the non-arbitrage certificate of the Board of Regents dated and delivered on the date of 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:

(1) 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 Rebate Amount;

(2) 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;

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

(4) to refrain from taking any action that would cause any of the Bonds 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 Bond Year within 60 days after the end of such Bond Year and within 60 days after the final maturity of each such Series of Bonds. On or before the expiration of each such 60 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 into 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 Bond 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 60 days after the end of the fifth Bond Year and with subsequent payments to be made not later than five years after the preceding payment was due except that the final payment shall be made within 60 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 into 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 or the University 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 (1) 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 (2) 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) Within nine months after the end of each Fiscal Year, the University will prepare a financial statement for 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 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 five percent 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.

SECTION 6.06. CONTINUING DISCLOSURE. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Regents hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Board of Regents, or its duly appointed representative, in conjunction with the appropriate officer of the Division, 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.

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. Such pledge and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered 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 Registered 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 such person's 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 Owner 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. Other than as specifically provided herein, nothing herein 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. DISPOSITION OF HOUSING SYSTEM. (As amended on September 23, 1998.)The University or the Board of Regents may sell, lease or otherwise dispose of the Housing System, Existing Housing Facilities, or any portion thereof, after notice thereof to the Division of Bond Finance and the provider of any Bond Insurance Policy, and only if (i) in the opinion of nationally recognized bond counsel to the Division of Bond Finance, such sale, lease or disposition would not adversely affect the exclusion from gross income for federal income taxation purposes of interest on the Bonds; (ii)Pledged Revenues available thereafter will be sufficient to pay all amounts due with respect the Bonds; and (iii) such sale, lease or disposition shall not impair any underlying rating on the Bonds, or the provider of any Bond Insurance Policy shall have consented to such sale, lease or other disposition. The proceeds of any sale, lease or other disposition of the Housing System, Existing Housing Facilities, or any portion thereof shall (i) forthwith be deposited to satisfy any deficiency in any of the funds and accounts held under this Resolution, and (ii) if no such deficiency shall then exist, be applied toward the redemption of Bonds or any other lawful purpose of the University.

SECTION 8.02. MODIFICATION OR AMENDMENT. Except as otherwise provided in the second and third paragraphs of this section, 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 materially adversely affected by the modification or amendment, the Registered Owners of more than fifty percent in principal amount of the Bonds 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 on and principal of 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 so affected.

For purposes of this section, except where the consent of all Registered Owners of a Series of Bonds is required, 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 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 Division of Bond Finance may amend, change, modify and alter this Resolution 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 materially adversely affect the interest of such Registered Owner of Bonds, (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond/tax counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds, (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency, (v) to add to the covenants and agreements of the Division of Bond Finance, the Board of Administration or the Board of Regents in this Resolution, other covenants and agreements to be observed by the Division of Bond Finance, the Board of Administration 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, the Board of Administration 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, the Board of Administration and the Board of Regents to comply with their covenants, agreements and obligations under Section 6.04 of this Resolution, (ix) to enable the Division to provide for sub-accounts in the Reserve Account for one or more Series of Bonds, (x) 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 materially adversely affect the interests of the Registered Owners, and (xi) to amend or modify any provisions of this Resolution so long as such amendment or modification does not materially adversely affect the interests of the Registered Owners.

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

(A) By paying the principal of and interest on such 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 such 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 of, redemption premium, if any, and interest due and to become due on such 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 such 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 of, redemption premium, if any, and interest due and to become due on such 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, the Bonds with respect to which payments on deposit have been made 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 and Division of Bond Finance with respect to such 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, and so long as no other deficiency exists, 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 8.06. SURVIVAL OF CERTAIN PROVISIONS. Notwithstanding the foregoing, any provisions of this Resolution which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory redemption requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, the calculation of the Rebate Amount and the paying of the Rebate Amount to the United States, shall remain in effect and be binding upon the University, the Division, the Board of Regents, the Bond Registrar/Paying Agent and the Registered Owners notwithstanding the release and discharge of the lien and pledge of this Resolution or any subsequent resolution. The provisions of this Article shall survive the release, discharge and satisfaction of this Resolution or any subsequent resolution.

SECTION 8.07. INSURANCE. The Board of Regents will carry such insurance on the Housing System and the Existing Housing Facilities as is required by the State or is ordinarily and customarily carried on similar systems as the Housing System and the Existing Housing Facilities 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 the Bonds. The Notes shall be payable from the proceeds received from the sale of the 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 the authorized principal amount of Bonds for the Series for which such Notes are issued, in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five 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, (ii) computing the amount of the Maximum Annual Debt Service, and (iii) determining the principal amount of Bonds held by the Registered Owner of a Capital Appreciation Bond for 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 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 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 Current Expenses during the succeeding Fiscal Year and setting forth the amount to be deposited in the Housing System Maintenance and Equipment Reserve Fund for such Fiscal Year. 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 for the payment of all Current Expenses, and amounts required to be deposited in the Housing System Maintenance and Equipment Reserve Fund as set forth herein.

SECTION 8.13. SUBSTITUTE FOR MAILING. If, because of the temporary or permanent suspension of postal service, any person shall be unable to mail any notice required to be given by the provisions of this Resolution, such person shall give notice in such other manner as in its judgement shall most effectively approximate such mailing; and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 8.14. INSTRUMENTS OF REGISTERED OWNERS. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Resolution to be executed by any Registered Owner may be in any number of concurrent writings of similar tenor and may be executed by that Registered Owner in person or by an attorney-in-fact appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any attorney-in-fact, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Resolution, if made in the following manner, and if so made, shall be conclusive in favor of the University, the Division, the Board of Regents, and the Board of Administration, with regard to any action taken thereunder, namely:

(a) the fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has the power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) the fact of ownership of Bonds of any Series shall be proved by the Bond Registrar/Paying Agent for such Series.

SECTION 8.15. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the Bonds, pursuant to Chapter 75, Florida Statutes.

SECTION 8.16. 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, are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

SECTION 8.17. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED June 9, 1998, as amended on September 23, 1998.

APPENDIX C

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

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

September 20, 2011

A RESOLUTION (THE FOURTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED), REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE UNIVERSITY; 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).

"1998 Bonds" means the $26,525,000 State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998.

"2000 Bonds" means the $14,605,000 State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000.

"2004A Bonds" means the $53,915,000 State of Florida, Florida Education System, Florida International University Housing Facility Revenue Bonds, Series 2004A.

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

"**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.

"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.

"Housing System" means the facilities enumerated in the Original Resolution, as amended and supplemented.

"Original Resolution" means the resolution adopted on June 9, 1998 by the Governing Board, authorizing the issuance of the 1998 Bonds, as amended by the Sale Resolution for the 1998 Bonds adopted on September 23, 1998, and as further amended by the Fourth Supplemental Resolution.

"Outstanding Bonds" means the Outstanding 1998 Bonds, the Outstanding 2000 Bonds, and the Outstanding 2004A Bonds.

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

"Refunded Bonds" means all or a portion of the Outstanding State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 and Series 2000.

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

"Resolution" means the Original Resolution, as supplemented and amended through the date of this resolution.

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

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

SECTION 1.02. AUTHORITY FOR THIS RESOLUTION. This Fourth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Section 215.57-215.83 (the "State Bond Act"); 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 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 to be known as "State of Florida, Board of Governors, Florida International 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 $26,000,000 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 Fourth 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 International 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 Fourth 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(A) 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 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 Fourth 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 this Resolution, or any other resolution relating to the Refunding Bonds, 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 supplemented by this Fourth 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 Fourth Supplemental Resolution to the same extent as if incorporated verbatim in this Fourth 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 Fourth 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 may lease, from time to time, to other tenants such portion or portions of the Housing System as are not needed by the Board, to the extent that any such lease would not adversely affect the Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

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

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

(B) The Director, in conjunction with the appropriate officer of the Board, is authorized and directed to execute and deliver any documents or agreement which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Fourth 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 Fourth 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 Fourth 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, the Board of Administration shall act as the fiscal agent for the Board with respect to the Refunding Bonds.

SECTION 5.06. REPEAL OF INCONSISTENT RESOLUTIONS. 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.

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 supplemented by this Fourth Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Fourth Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

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

(A) Section 1.02 of the Original Resolution is hereby amended as follows:

> SECTION 1.02. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the text otherwise requires:
>
> . . .
>
> "Board of <u>Governors</u> ~~Regents~~" <u>or "Board"</u> shall mean ~~the Board of Regents of the Division of Universities of the State of Florida Department of Education, as created pursuant to the provisions~~

~~of Chapter 240, Florida Statutes~~ the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof.

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

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

ADOPTED on September 20, 2011.

APPENDIX D

FLORIDA INTERNATIONAL UNIVERSITY[1]
Miami, Florida

History

Florida International University is a multi-campus public research university offering a broad array of undergraduate, graduate, and professional programs. The university has two main campuses, the 344-acre Modesto A. Maidique campus in western Miami-Dade County, and the 200-acre Biscayne Bay Campus in northeast Miami-Dade County. Through eleven colleges and schools, FIU offers more than 175 bachelor's, master's, and doctoral degree programs and conducts basic and applied research. Interdisciplinary centers and institutes conduct collaborative research to seek innovative solutions to economic, technological, and social problems. With approximately 46,000 students, 891 full-time instructional faculty, and over 9,500 degrees awarded annually, FIU is the largest university in South Florida.

Chartered by the Florida Legislature in 1965, Florida International University opened its doors in 1972 to the largest opening-day enrollment in the history of American higher education. Initially a two-year, upper-division school with limited graduate programs; FIU added lower-division classes in 1981 and received authority to begin offering degree programs at the doctoral level in 1984. Ninety-seven percent of FIU's full-time tenured or tenure-track instructional faculty holds doctorates or the highest degree attainable in their fields. FIU is the only urban public university in the state to be a member of Phi Beta Kappa, the nation's oldest scholarly honorary society. The Carnegie Foundation for the Advancement of Teaching classifies FIU as a Research University/High Research Activity. FIU's annual research expenditures exceed $100 million.

Committed to both high quality and access, FIU meets the educational needs of full-time and part-time undergraduate and graduate students, and lifelong learners. Reflecting the vibrant ethnic diversity of South Florida, 77 percent of FIU students are Hispanic, black, or other minorities. FIU takes pride in the impact its graduates make upon the nation and the world.

Alumni

The University's 153,000 alumni constitute the largest university alumni group of any university in Miami-Dade County. Most of the degrees awarded by universities in Miami-Dade County are conferred by the University. Unlike most university graduates, FIU alumni remain in the region; 77% remain in South Florida.

Economic Impact

The University has approximately 4,396 full-time employees, making it Miami-Dade County's 20th largest employer and a budget of $1 billion including financial aid, as well as current capital projects, the University has an economic impact of approximately $2.4 billion on the South Florida economy.

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[1] Source: Information in Appendix D is provided by the Florida International University.

University Officials

Dr. Mark B. Rosenberg	President
Dr. Douglas Wartzok	Provost, Executive V.P. & Chief Operating Officer
Dr. Kenneth A. Jessell	Senior V.P. of Administration & Chief Financial Officer
Mr. Howard R. Lipman	Senior V.P., University Advancement; President & CEO, FIU Foundation Inc.
Mr. Pete Garcia	Director of Intercollegiate Athletics
Dr. Andres G. Gil	Vice President of Sponsored Research
Mrs. Sandra Gonzalez-Levy	Senior V.P. of External Relations
Dr. Jaffus Hardrick	Vice President of Human Resources
Dr. Rosa L. Jones	Vice President of Student Affairs
Ms. M. Kristina Raattama	Vice President of University Compliance and General Counsel
Dr. John Rock	Sr. Vice President of Medical Affairs; Founding Dean, Herbert Wertheim-College of Medicine
Mr. Steve Sauls	Vice President of Governmental Relations
Dr. Divina Grossman	Vice President of Engagement
Ms. Terry Witherell	Vice President of External Relations
Mr. Robert Grillo	Vice President of Information Technology & Chief Information Officer

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 University System. The Board of Governors defines the mission of each university and ensures the well-planned coordination and operation of the 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 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.

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The establishment of individual University Board 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.

Accreditation and Memberships

The University is an accredited member of the Southern Association of Colleges and Schools (SACS). The professional programs of the respective schools of the University are accredited or approved by the appropriate professional associations or are pursuing full professional accreditation approval. All academic programs of the University are approved by the State Board of Education and the Board of Governors.

The University is also an affiliate member of the American Council of Education, the Association of Upper Level Colleges and Universities, the American Association of State Colleges and Universities, the Association of Public and Land-Grant Universities, and numerous other educational and professional associations.

National Recognition

For the past four years, U.S. News and World Report magazine ranked the University among the top 100 public universities in its annual survey of "America's Best Colleges," and has named the University as one of the top five institutions in the nation where students graduate with the least amount of debt. Other notable accomplishments include:

- FIU ranked first in the nation among four-year colleges for awarding bachelor's and master's degrees to Hispanic students, according to a 2008 survey conducted by *Hispanic Outlook in Higher Education* magazine.
- FIU's Herbert Wertheim College of Medicine, South Florida's only public medical school, welcomed its inaugural class of 43 students in August. More than 3,000 students applied for the 43 seats.
- FIU is the youngest university to have been awarded a chapter of Phi Beta Kappa, the nation's oldest and most distinguished academic honor society.
- *U.S. News & World Report* ranks FIU's undergraduate international business programs among the top 15 in the nation and their graduate programs among the top 25.
- FIU has been named one of the "10 Cool Colleges for Entrepreneurs" by Fortune Small Business magazine.
- Sponsored research expenditures as calculated by the National Science Foundation for the year 2008-2009 totaled $101 million.
- Dr. Pedro Jose´ Greer, Jr., assistant dean of academic affairs at the Herbert Wertheim College of Medicine and founder of Camillus Health Concern, was one of 16 Americans recognized by President Barack Obama in August 2009 with the nation's highest civilian honor, the Presidential Medal of Freedom.
- FIU is consistently ranked among America's best values in public higher education, according to *Kiplinger's Personal Finance* magazine.

Graduates of FIU's College of Law led the state with their pass rate on the February 2009 Florida Bar Exam. Almost 82 percent of FIU graduates who took the Florida Bar Exam in February 2009 passed, compared with a state-wide pass rate of 70.7%, continuing a trend among FIU graduates to score higher on the Bar Exam than the state average since our graduates began taking the test in 2005. FIU's School of Journalism and Mass Communications has eight Pulitzer Prize-winning alumni. The Executive MBA program was recently ranked #1 in Florida by the *Financial Times* (2006, 2007). The School of Hospitality and Tourism Management provides leadership and the talent of 600 student interns and faculty to run the South Beach Wine & Food Festival, a major culinary event in the nation.

Buildings and Other Capital Facilities

The University has two campuses, the 344 acre Modesto A. Maidique Campus in southwest Miami-Dade County and the 200 acre Biscayne Bay Campus in northeast Miami-Dade County, and one off-campus educational site in Broward County. In addition, the University has a major research facility, the Engineering Center, near its Modesto A Maidique Campus, the Frost Museum on the Modesto A. Maidique Campus as well as the Wolfsonian-FIU, a museum located in historic South Beach that houses a collection of art and design. The main campus, the Modesto A Maidique Campus, has 43 major buildings, 2 five-story parking garages, 3 six-story parking garages, a residential apartment complex, 6 residence halls, a football stadium, a baseball stadium, and an athletic arena that includes a gymnasium. The University in total has 53 major buildings on its campuses, totaling approximately 7 million square feet. The Biscayne Bay Campus facilities include nine buildings, an Olympic-type aquatic center and apartment-style housing for students.

The 2000 legislative session approved a College of Law at the University (Chapter 2000-259, Laws of Florida), the first such public college in the state south of Gainesville, Florida. The College of Law opened in Fall 2002 and received provisional accreditation from the American Bar Association in August 2004; permanent accreditation was given in Spring 2006.

The Board of Regents approved the formation of a football program in the Spring of 2001. The NCAA approved FIU's application to play Division 1-A Football in 2005. Last year FIU opened its own football stadium on the Modesto A Maidique campus.

Between 2004 and 2008, the new Frost Museum, College of Law, Marine Biology, Graduate School of Business and Lakeview Housing Buildings were completed. The University has begun construction on various building projects expected to be completed over the next five years. The University is completing the new College of Nursing & Health Sciences. Planning and design is underway for the Science Classroom Complex, Stempel College of Public Health and Social Work / Miami-Dade County Health Department / Ambulatory Care Center Complex, SIPA/Social Sciences, a new Satellite Chiller Plant and a proposed seven story Parking Garage including retail space and the public safety department.

The following table shows the University's capital improvement projects currently in planning and/or construction stages or completed awaiting the certificate of completion. Projects will be funded from the Public Education Capital Outlay funds appropriated by the Legislature, bond proceeds, auxiliary operations, contracts and grants, and Capital Improvement Fees which are levied on a per credit hour basis.

Capital Improvement Projects in Planning and Construction
(including 2010 - 11 appropriations)

Project Title	Budget Total	Project Status
Science Classroom Complex	$ 57,763,409	Construction
Parking Garage, Retail, Public Safety (PG5)	52,791,754	Construction
US Century Bank Arena Expansion	7,592,137	Construction
Stempel Complex	43,540,000	Design
Satellite Chiller Plant	14,100,000	Design
Ambulatory Care Center	10,040,500	Design
Stocker Astro-Science Center	2,400,000	Design
Hospitality Management Expansion	2,000,000	Design
Parking Garage (PG6)	37,500,000	Program
Mixed Use College of Business Building	29,600,000	Program
Student Academic Support Center	28,004,951	Program
Housing	45,000,000	Program/Approved
Total	**$ 330,332,751**	

Budgetary Process

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

Educational and General. The University receives an allocation of educational and general resources from the Florida Legislature, which is developed in accordance with the General Appropriations Act, the 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 the guidelines provided by the Board of Trustees, an allocation is made to each vice-president for the functional areas under his/her direction. In coordination with the Office of Financial Planning and the Division of Administration and Finance, a distribution is made by account/department.

Auxiliary Enterprises, Intercollegiate Athletics and Concessions. Vice presidents and the Office of Financial Planning prepare operating budget requests for these activities based on anticipated revenues. The Office of Financial Planning then coordinates the vice presidents' presentations and justifications for annual budget requests as required and finalizes them based on the Board of Trustees' guidelines. Budget revisions as required by the president are incorporated in 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 the Florida Board of Education 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 as well as federal, state and local units of government.

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

Self Insurance Program. This budget consists of estimated expenditures related to the administration of the University's Medical Self Insurance Program. Expenditures *include costs associated* with risk/claims management, annual auditing fees and annual actuarial reports.

Faculty Practice. This budget consists of estimated expenditures related to the University's Medical Faculty Practice Plan. Expenditures are for practice personnel, incremental start up costs and practice operations.

Based on the guidelines provided by the Board of Governors, 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 annually to the Office of Financial Planning. 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 budget of the University is included below for Fiscal Years 2007-08 through 2011-12.

Operating Budget

Budget Entity	2007-08	2008-09	2009-10	2010-11	2011-12
Educational and General	$348,697,742	$339,554,177	$348,318,947	$382,295,648	$381,103,698
Auxiliary Enterprises	104,441,829	106,034,788	116,539,136	119,503,390	140,330,571
Contracts and Grants	85,721,081	84,860,573	88,974,849	94,982,558	89,111,164
Student Activities	6,279,806	5,715,391	5,941,043	6,771,922	7,625,524
Intercollegiate Athletics	19,443,843	19,567,264	20,231,424	21,022,184	22,642,020
Campus Concessions	424,700	452,309	334,616	505,352	547,508
Student Financial Aid/Loans	71,898,103	75,178,190	87,722,529	113,964,617	139,590,711
Technology Fee	-	-	5,720,218	8,211,340	8,634,982
Self Insurance	-	-	79,000	78,579	260,000
Board Approved Fees	-	-	-	-	510,000
Faculty Practice	-	-	137,000	123,490	1,246,836
Total	$636,907,104	$631,362,692	$673,998,762	$747,459,080	$791,603,014

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.

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

Fund Source (Restricted and Unrestricted)	Fiscal Year Ended June 30, 2007	2008	2009	2010	2011**
Student Tuition and Fees, Net	20.3%	19.7%	21.8%	22.3%	22.6%
State Appropriations and ARRA Funds	37.8%	40.1%	38.3%	32.7%	30.9%
Federal Contracts, Grants and Gifts	11.5%	10.0%	10.1%	9.6%	9.3%
Private Contracts, Grants and Gifts	1.3%	1.6%	1.2%	1.4%	1.3%
Other Government Contracts, Grants & Gifts	1.6%	1.7%	1.2%	1.4%	1.6%
Federal and Student Financial Aid	9.4%	9.8%	11.0%	12.4%	14.9%
Auxiliary Enterprises	12.9%	13.6%	15.0%	14.9%	14.7%
Net Investment Income	2.2%	1.0%	-1.3%	3.7%	3.2%
Other Sources	2.5%	1.8%	2.6%	1.8%	1.5%
Total Current Fund Sources	100.0%	100.0%	100.0%	100.0%	100.0%

*Numbers may not add due to rounding.
**DRAFT and preliminary.

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

Registration, Tuition and Local Fees for UNDERGRADUATE Students per Credit Hour

	2007-08[1]	2008-09	2009-10	2010-11	2011-12
Registration and Tuition Fees					
In-State Students:					
Matriculation Fee	$ 77.39	$ 82.03	$ 88.59	$ 95.67	$ 103.32
Tuition Differential[2]	-	6.96	13.74	22.00	32.00
Building Fee	2.32	2.32	2.32	2.32	2.32
Student Financial Aid Fee	3.86	4.10	4.42	4.78	5.16
Capital Improvement Trust Fund Fee	2.44	2.44	2.44	2.44	2.44
In-State Subtotal	$86.01	$97.85	$111.51	$127.21	$145.24
Out-of-State Students *(in addition to the above fees):*					
Tuition	$393.62	$393.62	$393.62	$393.62	$393.62
Supplemental Student Financial Aid Fee	19.68	19.68	19.68	19.68	19.68
Out-of-State Subtotal	$499.31	$511.15	$524.81	$540.51	$558.54
Local Fees[3]					
Activity & Service Fee	$10.52	$10.52	$11.60	$11.60	$11.60
Technology Fee[4]	-	-	4.42	4.78	5.16
Athletic Fee	13.05	14.51	14.51	14.51	15.56
Total	23.57	25.03	30.53	30.89	32.32
Total In-State Tuition and Fees (per credit hour)	$ 109.58	$ 122.88	$ 142.04	$ 158.10	$ 177.56
Total Out-of-State Tuition and Fees (per credit hour)	$ 522.88	$ 536.18	$ 555.34	$ 571.40	$ 590.86
Per Student Flat Fee[5]					
Athletic Fee	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Health Fee	67.20	67.20	67.20	83.19	83.19
Transportation Access Fee	61.00	77.00	77.00	81.00	81.00
Total Per Term	$ 138.20	$ 154.20	$ 154.20	$ 174.19	$ 174.19

[1]Based on Spring 2008 regulation.
[2] Differential tuition applicable only to students admitted after Fall 2007 and not in the Florida Prepaid Program.
[3] Local Fees and flat fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees. These fees are tax-free with the exception of the Parking Access Fee which is shown with the 7% sales tax included.
[4] Technology Fee approved for uses which enhance instructional technology.
[5] Flat Fees are per student per term (fall, spring, summer).

The following table lists the registration, tuition and local fees charged to each graduate student per credit hour for the current and past four academic years.

Registration, Tuition and Local Fees for GRADUATE Students per Credit Hour

	2007-08[1]	2008-09	2009-10	2010-11	2011-12
Registration and Tuition Fees					
In-State Students:					
Matriculation Fee	$ 222.21	$ 256.05	$ 281.65	$ 309.81	$ 334.59
Building Fee	2.32	2.32	2.32	2.32	2.32
Student Financial Aid Fee	11.11	12.80	14.08	15.49	16.72
Capital Improvement Trust Fund Fee	2.44	2.44	2.44	2.44	2.44
In-State Subtotal	238.08	273.61	300.49	330.06	356.07
Out-of-State Students					
(in addition to the above fees):					
Tuition	480.08	480.08	480.08	480.08	480.08
Supplemental Student Financial Aid Fee	24.00	24.00	24.00	24.00	24.00
Out-of-State Subtotal	742.16	777.69	804.57	834.14	860.15
Local Fees[2]					
Activity & Service Fee	10.52	10.52	11.60	11.60	11.60
Technology Fee[3]	-	-	14.08	15.49	16.72
Athletic Fee	13.05	14.51	14.51	14.51	15.56
Total	23.57	25.03	40.19	41.60	43.88
Total In-State Tuition and Fees (per credit hour)	$ 261.65	$ 298.64	$ 340.68	$ 371.66	$ 399.95
Total Out-of-State Tuition and Fees (per credit hour)	$ 765.73	$ 802.72	$ 844.76	$ 875.74	$ 904.03
Per Student Flat Fee[4]					
Athletic Fee	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Health Fee	67.20	67.20	67.20	83.19	83.19
Transportation Access Fee	61.00	77.00	77.00	81.00	81.00
Total Per Term	$ 138.20	$ 154.20	$ 154.20	$ 174.19	$ 174.19

[1] Based on Spring 2008 regulation.
[2] Local Fees and flat fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees. These fees are tax-free with the exception of the Parking Access Fee which is shown with the 7% sales tax included.
[3] Technology Fee approved for uses which enhance instructional technology.
[4] Flat Fees are per student per term (fall, spring, summer).

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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	University General Revenue	College of Medicine General Revenue	Educational Enhancement / Lottery	Tuition	Total
2007-08	$ 214,799,369	$ 5,272,250	$ 19,157,664	$ 124,684,566	$ 363,913,849
2008-09	192,058,644	11,465,084	23,558,423	133,662,788	360,744,939
2009-10	160,640,361	21,410,785	21,082,081	139,653,118	342,786,345
2010-11	164,684,070	25,210,077	24,187,023	167,651,215	381,732,385
2011-12*	141,854,175	26,293,035	26,950,631	187,851,920	382,949,761

*2011-12 Budget, all other years are actual expenditures

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	Educational & General[1]	Contracts & Grants	Auxiliary Enterprises	Other[2]	Total
2007-08	$122,525,864	$78,256,135	$100,479,217	$93,739,434	$395,000,650
2008-09	140,706,755	82,736,070	103,433,291	105,405,391	432,281,507
2009-10	138,415,322	83,468,637	114,372,229	149,930,769	486,186,957
2010-11	156,960,021	86,572,638	127,641,069	189,496,693	560,670,421
2011-12[3]	213,042,722	89,111,164	140,330,571	179,550,745	622,035,202

[1] Student Fees Expenditures (excluding waivers which are reported under revenue) and Florida Lottery Funds.
[2] Includes Student Activities, Athletics, Concessions and Financial Aid and Stimulus funds for FY 2009-10 and FY 2010-11 (Local Funds).
[3] Budget; all other years are actual expenditures.
*Numbers may not add due to rounding.

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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*

	2005-06	2006-07	2007-08	2008-09	2009-10
Source of Awards					
Federal					
Number	30,060	33,293	33,402	33,837	36,826
Amount (000's)	$113,255	$129,661	$140,721	$174,089	$249,104
State					
Number	13,736	15,863	16,251	14,850	13,939
Amount (000's)	$22,451	$26,123	$27,849	$30,066	$29,203
Institutional					
Number	10,145	6,944	13,843	9,998	13,374
Amount (000's)	$20,183	$15,111	$17,029	$19,575	$27,662
Private					
Number	1410	1622	1,612	1,397	1,165
Amount (000's)	$6,355	$9,309	$10,030	$8,630	$6,638
Other					
Number	60	48	64	63	19
Amount (000's)	$243	$56	$58	$64	$14
Total					
Number	55,411	57,770	65,172	60,l45	65,323
Amount (000's)	$162,487	$180,260	$195,688	$232,424	$312,621
Type of Awards					
Grants					
Number	25,502	24,578	31,277	25,294	31,646
Amount (000's)	$44,995	$42,562	$46,958	$53,280	$85,249
Loans					
Number	16,810	19,064	19,260	20,318	18,543
Amount (000's)	$87,442	$104,015	$113,316	$140,738	$187,424
Scholarships					
Number	12,187	13,455	13,880	14,051	14,718
Amount (000's)	$28,364	$32,130	$33,657	$36,838	$38,161
Student Employment					
Number	912	673	725	482	416
Amount (000's)	$1,686	$1,553	$1,757	$1,568	$1,787
Total					
Number	55,411	57,770	65,172	60,145	65,323
Amount (000's)	$162,487	$180,260	$195,688	$232,424	$312,621

*Numbers may not add due to rounding.
Final 2010-11 data will be available 11/02/2011.

Selected Historical Financial Information

Financial Information. Selected University financial information for Fiscal Year 2005-06 through Fiscal Year 2009-10 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.

Historical Summary of Statement of Net Assets (000's)*

ASSETS					
Current Assets:	**2007**	**2008**	**2009**	**2010**	**2011****
Cash and Cash Equivalents	$2,673	$141	$12,822	$1,926	$9,152
Investments with State	146,343	207,936	185,173	236,395	259,362
Accounts Receivables, Net	23,765	25,768	24,857	26,362	30,048
Due from State	111,065	160,640	178,444	130,284	139,992
Notes Receivable, Net	366	346	351	386	1,498
Inventories	313	397	436	389	398
Other Current Assets	4,257	2,791	1,457	857	1,125
Total Current Assets	$288,782	$398,019	$403,540	$396,599	$441,575
Non-Current Assets:					
Restricted Cash and Cash Equivalents	$1,908	$122	$3,827	$6,075	$883
Restricted Investments with State	25,732	12,650	4,271	26,446	20,940
Loans and Notes Receivable, Net	1,657	1,746	2,133	2,621	1,927
Depreciable Capital Assets, Net	490,631	527,102	542,683	590,544	641,190
Land and Other Non-dep. Capital Assets	89,319	79,127	114,275	129,637	115,829
Other Assets	870	4,417	4,383	4,820	4,470
Total Non-Current Assets	$610,117	$625,164	$671,572	$760,143	$785,239
Total Assets	$ 898,899	$ 1,023,183	$1,075,112	$1,156,742	$1,226,814
LIABILITIES					
Current Liabilities:					
Accounts Payable	$4,207	$6,301	$8,603	$16,252	$8,881
Salary and Payroll Taxes Payable	12,494	13,515	7,665	9,202	7,046
Construction Contracts Payable	10,846	8,940	5,665	5,368	4,868
Deferred Revenue	88,142	159,681	173,490	136,876	144,342
Deposits Payable	9,935	11,257	11,443	9,222	10,399
Due to State	266	200	406	471	278
Capital Improvement Debt Payable	-	-	-	6,429	6,701
Bonds and Revenue Certificates Payable	6,193	6,508	6,950	-	-
Capital Leases Payable	1,320	1,112	1,115	900	573
Compensated Absences Payable	1,304	1,647	1,778	2,067	2,412
Other Current Liabilities	-	4,069	2,304	973	313
Total Current Liabilities	$134,707	$213,230	$219,419	$187,760	$185,813
Non-Current Liabilities:					
Capital Improvement Debt Payable	-	-	-	124,242	117,541
Bonds and Revenue Certificates Payable	126,162	119,655	119,237	-	-
Capital Leases Payable	3,209	2,664	1,440	540	252
Compensated Absences Payable	24,711	26,772	26,722	26,987	31,757
Other Noncurrent Liabilities	5,955	4,162	6,862	11,002	14,874
Total Non-Current Liabilities	$160,037	$153,253	$154,261	$162,771	$164,424
Total Liabilities	$294,744	$366,483	$373,680	$350,531	$350,237
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$452,117	$476,111	$534,581	$588,153	$633,220
Restricted:					
Expendable:					
Loans	3,463	3,416	270	332	288
Capital Projects	21,822	12,659	1,060	20,861	11,456
Debt Service	178	12	2	352	2,891
Other Restricted Net Assets	18,158	23,635	19,872	17,974	30,581
Unrestricted	108,417	140,867	145,647	178,539	198,141
Total Net Assets	$604,155	$656,700	$701,432	$806,211	$876,576
Total Liabilities and Net Assets	$898,899	$1,023,183	$1,075,112	$1,156,742	$1,226,814

*Numbers may not add due to rounding.

**DRAFT and Preliminary.

Historical Summary of Statement of Revenues, Expenses and Changes in Net Assets (000's)*

Operating Revenue:	**2007**	**2008**	**2009**	**2010**	**2011****
Student Tuition and Fees	$162,816	$165,013	$180,724	$214,551	$253,780
Less: Tuition Scholarship Allowances	(45,788)	(47,406)	(51,968)	(65,826)	(86,468)
Net Student Tuition and Fees	117,028	117,607	128,756	148,725	167,312
Federal Grants and Contracts	66,117	59,796	59,666	64,198	69,042
State and Local Grants and Contracts	9,217	10,028	7,197	9,181	11,927
Non-governmental Grants and Contracts	7,582	9,227	7,136	9,257	9,488
Sales and Services of Auxiliary Enterprise	74,215	81,239	88,511	97,120	109,327
Interest on Loans Receivable	85	77	7	47	55
Other Operating Revenue	15,915	15,041	14,468	11,181	9,820
Total Operating Revenue	$290,159	$293,015	$305,741	$339,709	$376,971
Operating Expenses:					
Personnel Services	$322,509	$353,333	$360,427	$376,701	$413,154
Contractual Services	33,296	36,661	42,487	45,244	116,472
Utilities	18,339	15,659	15,380	13,778	14,722
Materials and Supplies	19,417	20,754	22,586	21,270	19,039
Repairs and Maintenance	10,482	10,163	11,462	6,973	8,097
Scholarships and Fellowships	47,275	48,732	53,727	67,396	85,218
Depreciation Expense	33,497	35,760	36,088	36,681	38,771
Other Operating Expenses	40,840	42,670	47,670	57,101	183
Total Operating Expenses	$525,655	$563,732	$589,827	$625,144	$695,656
Total Operating Income (Loss)	$(235,496)	$(270,717)	$(284,086)	$(285,435)	$(318,685)
Non-Operating Revenues (Expenses)					
State Appropriations	$217,506	$239,179	$227,082	$203,133	$214,081
Investment Income	6,998	10,875	2,597	7,192	14,924
Net Unrealized Gains/Losses on Investments	5,764	(4,641)	(10,236)	17,075	8,947
Federal and State Student Financial Aid	54,030	58,533	65,074	82,412	109,871
Reinvestment Act Funds	-	-	-	15,117	14,495
Other Non-Operating Revenue	1,458	163	1,395	968	1,225
Interest on Asset-Related Debt	(6,524)	(6,193)	(6,030)	(5,762)	(6,316)
Other Non-Operating Expenses	(954)	(1,474)	(3,497)	(275)	(1,194)
Total Non-Operating Revenues (Expenses)	$278,278	$296,442	$276,385	$319,861	$356,033
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	$42,782	$25,725	$(7,701)	$34,426	$37,348
Capital Appropriations	25,321	21,216	44,618	45,840	31,842
Capital Grants and Contracts	3,154	5,604	7,815	2,917	1,176
Change in Net Assets	$71,257	$52,545	$44,732	$83,183	$70,367
NET ASSETS					
Net Assets, Beginning of Year	$532,898	$604,155	$656,700	$701,432	$806,211
Adjustment to Beginning Net Assets	-	-	-	21,596	-
Total Adjusted Restated Net Assets – Beg	$532,898	$604,155	$656,700	$723,028	$806,211
Total Net Assets - Ending	$604,155	$656,700	$701,432	$806,211	$876,578

*Numbers may not add due to rounding.

**DRAFT and Preliminary.

Students

General. The University's undergraduate and graduate enrollment has increased by 17% over the past five years. Competition for acceptance to the University is created by the quality and extent of the applicant pool. Students with strong academic preparation and high test scores are given preference in a competitive admissions process. The requirements for admission include (i) submission of a State University System of Florida application form, (ii) submission of official secondary school transcripts and appropriate admission exam test scores, (iii) proof of graduation from an accredited secondary school and (iv) 19 academic units in specified college preparatory courses. Currently, applicants who show potential in areas not easily evaluated by standard tests can be considered for admission under an admission exception rule.

Applicants to a graduate program of the University must meet the minimum standards set by the Florida Board of Education, the University and when applicable, additional requirements set by each department for admission to a graduate program. A student seeking admission into a graduate program must have a bachelor's degree or equivalent from a regionally accredited institution or, in the case of foreign students, an institution recognized in its own country as preparing students for further study at the graduate level. Applicants must submit official copies of all transcripts. In most cases, an applicant must, at a minimum, present a "B" average in upper level work, or a graduate degree from an accredited institution and certain minimum scores on graduate admissions exams. A Florida Board of Education exception policy allows up to 10% of the graduate students admitted for a particular academic year to be admitted as exceptions to the graduate admissions criteria.

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

New Admission and Registration Headcounts and Percentages by Type of Student

	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011*
Total Students:					
No. of Applicants	25,797	29,883	37,537	37,625	41,141
No. Admitted	11,280	13,120	16,342	16,739	17,962
% of Applicants Admitted	44%	44%	44%	44%	44%
No. Enrolled	6,594	7,335	8,561	9,047	9,752
% of Admitted Enrolled	58%	56%	52%	54%	54%
First-Time-in-College:					
No. of Applicants	12,255	13,528	15,978	15,060	16,626
No. Admitted	4,404	4,482	5,591	5,948	6,545
% of Applicants Admitted	36%	33%	35%	39%	39%
No. Enrolled	2,348	2,113	2,013	2,338	2,607
% of Admitted Enrolled	53%	47%	36%	39%	40%
Community College Transfers:					
No. of Applicants	3,325	4,160	5,336	5,075	5,540
No. Admitted	2,456	3,379	4,503	4,360	4,578
% of Applicants Admitted	74%	81%	84%	86%	83%
No. Enrolled	1,729	2,266	3,015	3,057	3,226
% of Admitted Enrolled	70%	67%	67%	70%	70%
Other Undergraduate Transfers:					
No. of Applicants	2,643	3,272	4,236	3,879	4,256
No. Admitted	1,171	1,633	2,316	2,166	2,339
% of Applicants Admitted	44%	50%	55%	56%	55%
No. Enrolled	655	998	1,323	1,273	1,310
% of Admitted Enrolled	56%	61%	57%	59%	56%
Graduate:					
No. of Applicants	7,574	8,923	11,987	13,619	14,722
No. Admitted	3,249	3,626	3,932	4,273	4,500
% of Applicants Admitted	43%	41%	33%	31%	31%
No. Enrolled	1,862	1,958	2,210	2,382	2,609
% of Admitted Enrolled	57%	54%	56%	56%	58%

*Preliminary.

The table below shows the full-time equivalent (FTE) enrollment of the University by level for each of the past five academic years. The full-time equivalent student calculation factor is a measure of student enrollment based on the number of student credit hours for which students enroll. Under the semester system, 15 undergraduate student credit hours or 12 graduate student credit hours are equivalent to one FTE during the fall and spring semesters. 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

Year	Lower Level	Upper Level	Graduate/ Thesis & Dissertation	Total
2006-07	8,885	11,897	3,824	24,605
2007-08	8,630	11,897	4,110	24,637
2008-09	8,028	12,170	4,354	24,552
2009-10	8,048	12,560	4,806	25,414
2010-11	8,751	13,630	4,907	27,288

Headcount Enrollment by Level

	Undergraduate			Graduate			Unclassified		
Fall Year	Modesto A Maidique	Biscayne Bay	Other[1]	Modesto A Maidique	Biscayne Bay	Other[1]	Modesto A Maidique	Biscayne Bay	Other[1]
2007	24,895	6,293	8,756	5,072	372	1,645	1,166	294	1,448
2008	25,237	6,702	10,098	5,344	428	1,716	976	465	816
2009	25,294	6,643	11,572	5,804	505	2,184	1,133	250	1,028
2010	26,637	6,578	12,477	5,755	578	2,660	1,056	216	2,125
2011	28,520	6,533	14,771	6,048	560	2,711	1,030	194	332

Note: Total number of university-wide students includes students who attend more than one campus a semester.
[1] Pines Center and Off-campus.

The following table shows the headcount enrollment and FTE projections for the University for the next five years. No representations are made as to the reasonableness of the assumptions used in preparing the projections; no assurances are made that actual results will equal those set forth below and investors should not rely on such projections in making their investment decision.

Projected Annual FTE and Headcount Enrollment

	2011-12	2012-13	2013-14	2014-15	2015-16
FTE	28,336	28,882	30,310	31,731	33,326
Headcount	46,010	48,010	50,010	52,010	54,010

Note: FTE = Full-Time Equivalent.

The tables below show the total headcount enrollment of students by area of origin for the past five fall semesters.

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

Area	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Florida	35,169	35,509	36,607	39,956	40,020
New York	270	284	287	310	287
New Jersey	132	134	139	157	174
California	90	100	109	138	172
Texas	87	75	74	101	112
Georgia	75	72	66	90	120
Pennsylvania	70	69	83	79	85
Maryland	70	59	76	90	81
Massachusetts	67	58	65	81	75
Virginia	52	62	65	76	89
All Other States	600	585	653	736	864
Foreign Students	1,932	2,136	2,088	2,013	2,018
Unknown	-	3	143	183	189
Total	38,614	39,146	40,455	44,010	44,686

Total Headcount Enrollment by Florida County of Origin at Time of Admission or Readmission

County	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Dade	26,911	27,858	27,762	30,195	29,578
Broward	5,652	5,777	6,016	6,537	7,150
Palm Beach	577	609	665	746	871
Orange	228	238	272	315	363
Hillsborough	190	188	228	268	292
Lee	93	118	153	189	204
Alachua	99	116	141	132	134
Duval	103	113	131	135	154
Pinellas	88	109	132	123	136
Monroe	91	83	88	108	113
All Other Florida Counties	874	904	1,018	1,207	1,425
Total	38,614	39,146	40,455	44,010	44,686

Student Recruitment. The University's Office of Admissions is responsible for recruiting and enrolling a student body consisting of nationally 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 telecounseling campaigns; traveling to selected secondary schools, college fairs, Florida community colleges, and national and regional professional meetings of college placement counselors and admissions officers; and hosting University open houses for prospective students and their families. Affirmative action efforts include special mailings to minority students, traveling to different locations to participate in various minority programs and hosting on-campus events for students and counselors.

Student Quality Indicators. The following table shows the average 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 for the past five fall semesters for which information is available.

Student Quality Indicators
For First-Time-In-College Students[1]

Fall	Average High School GPA	Average SAT Score	Average ACT Score
2007	3.67	1144	25
2008	3.70	1161	25
2009	3.74	1157	26
2010	3.69	1140	25
2011	3.70	1139	25

[1] Includes only regularly admitted students who meet the Florida Board of Education Freshman Admissions Requirement.

A second measure of student quality is the University's number of National Merit Scholars and National Achievement Scholars. The table below shows the number of National Merit Scholars and National Achievement Scholars attending the University during the past five Fall Semesters.

National Merit, National Achievement and National Hispanic Scholars

	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall* 2011
National Merit Scholars	0	1	0	0	0
National Achievement Scholars	2	1	0	4	2
National Hispanic Scholars	2	5	3	10	11

*Fall 2011 data as of 08/25/2011.

General Academic Information

The University offers more than 175 degree programs at the bachelor's, master's and doctorate degree levels which are designed to respond to the changing needs of the growing metropolitan areas of South Florida. Degree programs are offered in the College of Architecture and the Arts, College of Arts and Sciences, College of Business Administration, College of Education, College of Engineering & Computing, College of Law, Herbert Wertheim College of Medicine, College of Nursing and Health Sciences, Robert Stempel College of Public Health and Social Work, School of Hospitality and Tourism Management, and School of Journalism and Mass Communication.

The University has now granted more than 131,000 baccalaureates, more than 36,000 masters, and 1,700 doctoral degrees. The University expects to continue increasing the number of degrees conferred at all levels. With the University's large share of minority students, it is already a national leader in the conferral of baccalaureate degrees to minority students.

FIU has nationally and internationally renowned faculty known for their outstanding teaching and cutting-edge research; students from throughout the U.S. and more than 130 foreign countries; and alumni who have risen to prominence in every field and are a testament to the University's academic excellence. FIU is one of the nation's major research universities and expends approximately $100 million annually on research. Research is funded by more than 200 public and private organizations, and funding from 41 different Federal agencies. The University has many specialized research facilities including a nano scale research and fabrication laboratory. Many studies are conducted "off site" throughout the United States and the world. Undergraduate and graduate students participate actively in all of the research endeavors. FIU exports its discoveries for public benefit through publications, formal technology transfer agreements, public testimony and evidence-based advocacy, and the development of the next generation of scholars.

The following table shows the degrees awarded to the students at the University over the five years shown.

Degrees Granted by Discipline

	2006-2007				2007-2008				2008-2009				2009-2010				2010-2011			
Discipline	**B**	**M**	**S**	**D**	**B**	**M**	**S**	**D**	**B**	**M**	**S**	**D**	**B**	**M**	**S**	**D**	**B**	**M**	**S**	**D**
Arch & Related Serv.	51	48	0	0	75	30	0	0	68	50	0	0	87	37	0	0	55	47	0	0
Area, Ethnic, Cultural, & Gender Studies	38	13	0	0	34	30	0	0	28	18	0	0	41	18	0	0	55	19	0	0
Biology & Biomedical	150	15	0	6	171	13	0	8	196	5	0	10	217	7	0	11	275	6	0	10
Business, Mrktng., Mgmt.	2,070	650	0	5	1,897	738	0	8	2,004	773	0	12	2,278	941	0	8	2,469	1,034	0	3
Communication/Journalism	283	41	0	0	286	53	0	0	267	38	0	0	296	57	0	0	286	92	0	0
Computer & Info Systems	117	33	0	6	141	28	0	8	120	29	0	5	125	25	0	5	156	15	0	7
Education	347	286	7	14	378	249	12	17	382	288	14	27	355	260	10	14	354	265	18	27
Engineering	349	170	0	31	315	239	0	35	315	223	0	27	305	157	0	30	361	145	0	35
Engineering Technology	39	39	0	0	45	53	0	0	34	95	0	0	59	111	0	0	77	88	0	0
English Language and Literature/Letters	157	17	0	0	127	16	0	0	165	16	0	0	149	19	0	0	149	22	0	0
Foreign Languages & Linguistics	37	10	0	6	33	11	0	3	29	15	0	0	42	16	0	3	42	16	0	3
Health Profession	394	240	0	2	536	306	0	5	592	306	0	4	594	344	0	36	402	434	0	57
History	53	13	0	1	44	9	0	4	46	8	0	3	46	11	0	1	66	28	0	1
Law	0	0	0	86	0	0	0	90	0	0	0	123	0	0	0	144	0	0	0	177
Liberal/General Studies	124	4	0	0	166	3	0	0	166	3	0	0	204	2	0	0	221	1	0	0
Mathematics, Statistics	27	7	0	0	18	7	0	0	10	14	0	0	11	9	0	0	20	9	0	0
Natural Resources, Conserv.	27	19	0	0	16	9	0	0	12	12	0	0	31	17	0	0	21	16	0	0
Parks, Recreation, Fitness	46	19	0	0	43	9	0	0	58	29	0	0	90	21	0	0	80	12	0	0
Philosophy & Religion	40	6	0	0	42	13	0	0	59	12	0	0	55	10	0	0	60	7	0	0
Physical Sciences	52	16	0	12	67	7	0	7	65	16	0	17	72	12	0	12	93	7	0	18
Psychology	415	47	5	8	438	53	12	8	451	20	11	8	523	20	8	9	577	25	8	12
Public Administration	152	167	0	1	136	175	0	9	101	162	0	4	131	148	0	0	156	153	0	6
Security & Protective Srvcs	261	18	0	0	261	41	0	0	269	28	0	0	298	42	0	0	344	61	0	0
Social Sciences	426	26	0	8	434	27	0	10	454	57	0	10	464	25	0	17	599	32	0	18
Visual & Performing Arts	98	17	0	0	108	29	0	0	120	18	0	0	141	32	0	0	129	16	0	0
Total	**5,753**	**1,921**	**12**	**186**	**5,811**	**2,148**	**24**	**212**	**6,011**	**2,235**	**25**	**250**	**6,614**	**2,341**	**18**	**290**	**7,047**	**2,550**	**26**	**374**

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

* Law degrees are included in Doctoral

Faculty

Over ninety percent of the University's instructional and non-instructional faculty holds doctorates or the terminal degrees in their field. The ratio of full-time students to faculty is 26 to 1. Approximately 1,500 full-time and part-time faculty members are engaged in teaching, research and public service activities on the main campus and satellite units throughout the State. These faculty members are supported by a staff of 2,497 and 3,272 Other Personnel Services (OPS) employees.

Faculty Data[1]

Fiscal Year Ending	Full-Time Faculty	Part-Time Faculty	Tenured Faculty[2]	Faculty with Terminal Degrees	Student/ Faculty Ratio (FTE)[3]
2007	759	736	431	657	24 to 1
2008	852	689	461	780	26 to 1
2009	854	698	436	986	26 to 1
2010	871	683	432	998	27 to 1
2011	891	679	438	1155	28 to 1

[1] Faculty is salaried regular appointments and does not include adjunct faculty. Includes only faculty classified as instructional, i.e., does not include faculty administrators (deans, chairs, directors, etc.) or library staff.
[2] Tenured faculty includes service professors with tenure.
[3] Student/Faculty Ratio computed using budgeted faculty positions and annual fundable student FTE.

Staff

Of the state-funded, full-time-equivalent faculty positions that are currently filled, 25% hold the rank of professor, 31% are associate professors, 27% are assistant professors, 12% are instructors and 5% are classified as other faculty, with 75% of the total instructional faculty holding doctoral degrees. The University employed the following personnel as of Fall 2010:

Instruction/Research/Public Service	1,570
Executive/Administrative/Managerial	654
Other Professionals (support/service)	1,193
Technical and Paraprofessionals	165
Clerical and Secretarial	438
Skilled crafts	80
Service/Maintenance	296
Total Employees	4,396

Division of Student Affairs

The Division of Student Affairs seeks to educate a diverse body of students by supporting their growth, both personal and academic. It promotes cross-cultural outreach and understanding, provides programs and services to encourage student development, and prepares students to become contributing members of their communities.

The Division is comprised of the following departments and programs: Career Services, Counseling and Psychological Services Center, Disability Resource Center, International Student and Scholar Services, Multicultural Programs and Services, University Housing and Residential Life, Student Centers, Campus Life, University Health Services, Student Conduct and Mediation Services, Victim’s Advocacy Center, Center for Leadership and Service, Women’s Center, Recreation Services, Student Government Association, Student Media, Pre-Collegiate Programs and Grants, Children’s Creative Learning Center, Orientation and Commuter Student Services, and Assessment and Evaluation.

Endowments and Fund Raising Efforts

Fund-raising activities for the University are coordinated by the Division of University Advancement. Private funds raised are channeled through the Florida International University Foundation Inc. (the "Foundation"), a 501(c)(3) direct-support organization established in 1969 and regulated by the Florida Board of Education. The Foundation is responsible for receiving, investing and administering all private gifts and bequests to the University.

For its first major fund raising campaign, the Foundation set a goal to raise $200 million in cash and in-kind gifts and commitments from alumni and other individuals, corporations and foundations. The campaign ended in January 2001 surpassing its goal by $5 million. The table below sets forth financial information relating to the Florida International University Foundation, Inc. as of the dates shown.

Fiscal Year Ended	Assets	Liabilities	Revenues	Expenditures
6/30/2006	144,053,859	11,983,845	31,408,262	14,548,807
6/30/2007	162,258,161	11,622,946	35,909,983	17,100,174
6/30/2008	171,807,365	11,407,984	24,879,046	14,113,466
6/30/2009	171,935,566	10,592,964	18,101,730	16,155,366
6/30/2010	188,423,106	11,448,924	29,727,149	11,919,069

Gifts received by the Florida International University are shown by restriction and giving program in the table below for the past five fiscal years.

Gift Report
Current Receipts and Deferred Additions by Restriction and Giving Program for a Twelve-Month Period*

Fiscal Year Ended	Unrestricted Gifts	Restricted Gifts	Endowments	Total Gifts Received
6/30/2006	3,649,853	4,333,435	10,138,398	18,121,686
6/30/2007	2,700,653	4,590,619	4,708,571	11,999,843
6/30/2008	2,776,673	2,525,858	23,093,787	28,396,318
6/30/2009	2,787,589	6,604,113	33,603,394	42,995,096
6/30/2010	3,385,599	2,540,101	10,463,120	16,388,820

* Revenues do not include investment income or MARC Building rental income.

REPORT NO. 2011-098
FEBRUARY 2011

FLORIDA INTERNATIONAL UNIVERSITY

Financial Audit

For the Fiscal Year Ended
June 30, 2010

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

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 Marilyn E. Tolley, CPA, and the audit was supervised by Ramon A. Gonzalez, 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 INTERNATIONAL 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 International 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.

AUDITOR GENERAL
STATE OF FLORIDA

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

DAVID W. MARTIN, CPA
AUDITOR GENERAL

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 International 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 11 through 47. 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 International 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 2 to the financial statements, the University changed its reporting of the liability for Capital Improvement (Housing and Parking) Revenue Bonds from bonds and revenue certificates 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 and revenue certificates 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 our report on our consideration of Florida International 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 10 and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on pages 48 and 49 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 in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

David W. Martin, CPA
January 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 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 $1.2 billion at June 30, 2010. This balance reflects a $81.6 million, or 7.6 percent, increase from the 2009-10 fiscal year, resulting primarily from an increase in net capital assets of $63.2 million, a decrease in amounts due from State of $48.2 million, and an increase in cash and investments of $64.7 million. While assets grew, liabilities decreased by $23.2 million, or 6.2 percent, totaling $350.5 million at June 30, 2010, compared to $373.7 million at June 30, 2009. New Parking Facility Revenue Bonds were issued for $32 million for campus construction projects. While the new debt increased liabilities, this was offset by a decrease in liabilities, mainly due to a prior period adjustment of $21.6 million to remove the State University System Capital Improvement Trust Revenue Bonds. As a result, the University's net assets increased by $104.8 million, reaching a year-end balance of $806.2 million.

The University's operating revenues totaled $339.7 million for the 2009-10 fiscal year, representing an 11.1 percent increase over the 2008-09 fiscal year due mainly to an increase in net student tuition and fees of $19.9 million, an increase in grant and contract revenues of $8.7 million, an increase in sales and services of auxiliary enterprises revenues of $8.6 million, and a decrease in other revenues of $3.2 million. Operating expenses totaled $625.1 million for the 2009-10 fiscal year, representing an increase of 6 percent over the 2008-09 fiscal year due mainly to an increase in compensation and employee benefits of $16.3 million, an increase in services and supplies expense of $6.3 million, a decrease in utilities and communications expense of $1.7 million, and an increase in scholarships, fellowships, and waivers of $13.7 million.

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:

- ***Florida International University Foundation, Inc.***

  The purpose of the Florida International University Foundation, Inc., is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of Florida International University and its objectives.

- ***Florida International University Research Foundation, Inc.***

  The purpose of the Florida International University Research Foundation, Inc., includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of Florida International University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.

- ***FIU Athletics Finance Corporation***

  The purpose of the FIU Athletics Finance Corporation includes the support of the University in matters pertaining to the financing of the FIU football stadium and, subsequently, the managing and operating of the facility.

- ***Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc.***

  The purpose of the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc., is to improve and support medical education at the FIU College of Medicine.

Information regarding these component units, including summaries of their separately issued financial statements, is presented in the notes to 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.

THE STATEMENT OF NET ASSETS

The statement of net assets reflects the assets and liabilities of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the University's current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, liabilities, and net assets at June 30:

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

	2010	2009
Assets		
Current Assets	$ 396.6	$ 403.5
Capital Assets, Net	720.2	657.0
Other Noncurrent Assets	39.9	14.6
Total Assets	1,156.7	1,075.1
Liabilities		
Current Liabilities	187.7	219.4
Noncurrent Liabilities	162.8	154.3
Total Liabilities	350.5	373.7
Net Assets		
Invested in Capital Assets, Net of Related Debt	588.2	534.6
Restricted	39.5	21.2
Unrestricted	178.5	145.6
Total Net Assets	$ 806.2	$ 701.4

The statement of net assets reflects the University's growth, primarily its continued physical expansion to meet student and faculty needs. Current assets mainly depict cash and investments, amounts due from the State to fund approved construction, and renovation projects and receivables from students, granting agencies, and others. The current assets decrease is mainly a result of the amounts due from the State, used for construction-related projects, decreasing by $48.2 million and offset by a $40.3 million increase in cash and investments, not classified as restricted.

In summary, total assets increased by $81.6 million, or 7.6 percent, while total liabilities decreased by $23.2 million, or 6.2 percent. As a result, the net assets balance at June 30, 2010, had a favorable increase of $104.8 million to $806.2 million. This ending balance included $588.2 million invested in capital assets, net of related debt, $39.5 million in restricted funds, and $178.5 million in unrestricted funds, which increased $32.9 million.

For more detailed information, see the statement of 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 Millions)

	2009-10	2008-09
Operating Revenues	$ 339.7	$ 305.7
Operating Expenses	625.1	589.8
Operating Loss	(285.4)	(284.1)
Net Nonoperating Revenues	319.9	276.4
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	34.5	(7.7)
Other Revenues, Expenses, Gains, or Losses	48.7	52.4
Net Increase In Net Assets	83.2	44.7
Net Assets, Beginning of Year	701.4	656.7
Adjustments to Beginning Net Assets (1)	21.6	
Net Assets, Beginning of Year, as Restated	723.0	656.7
Net Assets, End of Year	$ 806.2	$ 701.4

Note: (1) To recognize a change in reporting State University System Capital Improvement Trust Fund Revenue Bonds. It has been determined that these bonds were not debt to the University. See note 3 to financial statements for more information.

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 Millions)

	2009-10	2008-09
Net Tuition and Fees	$ 148.7	$ 128.8
Grants and Contracts	82.7	74.0
Sales and Services of Educational Departments	0.4	0.4
Sales and Services of Auxiliary Enterprises	97.1	88.5
Other	10.8	14.0
Total Operating Revenues	$ 339.7	$ 305.7

Operating revenues totaled $339.7 million for the 2009-10 fiscal year, representing an 11.1 percent increase over the 2008-09 fiscal year. This was due to an increase in net student tuition and fees of $19.9 million, an increase in grant and contract revenues of $8.7 million, an increase in sales and services of auxiliary enterprises revenues of $8.6 million, and a decrease in other revenues of $3.2 million.

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 Millions)

	2009-10	2008-09
Compensation and Employee Benefits	$ 376.7	$ 360.4
Services and Supplies	130.5	124.2
Utilities and Communications	13.7	15.4
Scholarships, Fellowships, and Waivers	67.4	53.7
Depreciation	36.7	36.1
Self-Insured Claims and Expenses	0.1	
Total Operating Expenses	$ 625.1	$ 589.8

Operating expenses totaled $625.1 million for the 2009-10 fiscal year. This represents a 6 percent increase over the 2008-09 fiscal year and was primarily due to an increase in compensation and employee benefits of $16.3 million, an increase in services and supplies expense of $6.3 million, a decrease in utilities and communications expense of $1.7 million, and an increase of $13.7 million in scholarships, fellowships, and waivers. During the fiscal year, the University established a self-insurance program with expenses of $0.1 million.

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 Millions)

	2009-10	2008-09
State Appropriations	$ 203.1	$ 227.1
Federal and State Student Financial Aid	82.4	65.0
State Appropriated American Recovery and Reinvestment Act Funds	15.1	
Investment Income (Loss)	24.3	(7.6)
Other Nonoperating Revenues	1.0	1.4
Loss on Disposal of Capital Assets	(0.2)	(0.2)
Interest on Capital Asset-Related Debt	(5.7)	(6.0)
Other Nonoperating Expenses	(0.1)	(3.3)
Net Nonoperating Revenues	$ 319.9	$ 276.4

Nonoperating revenues increased by 15.7 percent from the prior fiscal year due mainly to an increase in investment income of $31.9 million, an increase in Federal and State Student Financial Aid of $17.4 million, and a new revenue source of $15.1 million in State Appropriated American Recovery and Reinvestment Act income, which were offset by a decrease of $24 million in State Appropriations.

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 Millions)

	2009-10	2008-09
Capital Appropriations	$ 45.8	$ 44.6
Capital Grants, Contracts, Donations, and Fees	2.9	7.8
Total	$ 48.7	$ 52.4

Other revenues, expenses, gains, or losses totaled $48.7 million for the 2009-10 fiscal year. This represents a 7.1 percent decrease compared to the 2008-09 fiscal year and was primarily due to a $4.9 million decrease in capital grants, contracts, donations, and fees offset by an increase of $1.2 million in Capital Appropriations.

THE STATEMENT OF CASH FLOWS

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

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

Condensed Statement of Cash Flows
(In Millions)

	2009-10	2008-09
Cash Provided (Used) by:		
Operating Activities	$ (238.4)	$ (247.3)
Noncapital Financing Activities	299.6	281.8
Capital and Related Financing Activities	(20.6)	(40.8)
Investing Activities	(49.2)	22.6
Net Increase (Decrease) in Cash and Cash Equivalents	(8.6)	16.3
Cash and Cash Equivalents, Beginning of Year	16.6	0.3
Cash and Cash Equivalents, End of Year	$ 8.0	$ 16.6

Major sources of funds came from State appropriations ($218.5 million), net student tuition and fees ($155.5 million), sales and services of auxiliary enterprises ($95.1 million), and grants and contracts ($78.7 million). Major uses of funds included payments to employees ($370.4 million), payments to suppliers of goods and services ($138.7 million), purchase or construction of capital assets ($99.4 million), and payments to students for scholarships and fellowships ($67.4 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2010, the University had $1,107.3 million in capital assets, less accumulated depreciation of $387.1 million, for net capital assets of $720.2 million. Depreciation charges for the current fiscal year totaled $36.7 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Millions)

	2010	2009
Land	$ 31.0	$ 31.0
Construction in Progress	94.5	79.5
Buildings	486.4	447.1
Infrastructure and Other Improvements	2.3	2.7
Furniture and Equipment	44.6	36.1
Library Resources	55.3	54.0
Property Under Capital Leases	1.2	2.1
Computer Software	0.8	0.7
Works of Art and Historical Treasures	4.1	3.8
Capital Assets, Net	$ 720.2	$ 657.0

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

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses through June 30, 2010, were incurred on the following projects: the Parking Garage V/Retail/Public Safety Building ($28.4 million) and the Social Science Building – International Studies ($10.2 million). The University's major capital commitments at June 30, 2010, are as follows:

	Amount (In Millions)
Total Commitment	$ 259.0
Completed to Date	(94.5)
Balance Committed	**$ 164.5**

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

DEBT ADMINISTRATION

As of June 30, 2010, the University had $132.1 million in outstanding capital improvement debt payable and capital leases payable, representing a decrease of $3.4 million, or 2.6 percent, from the prior fiscal year. During the 2009-10 fiscal year, the University issued $32,000,000 of Florida International University Parking Facility Revenue Bonds consisting of $3,085,000, Series 2009A, tax-exempt bonds and $28,915,000, Series 2009B, taxable Build America Bonds. The increase in long-term debt from the new bond issue was offset by a decrease from a prior period adjustment to remove the debt of State University System Capital Improvement Trust Fund Revenue Bonds for $21.6 million that should not have been reported on the University's statement of net assets in the prior years. In addition, because of a reporting change, for the 2009-10 fiscal year, the University began reporting the liability for Capital Improvement (Housing and Parking) Revenue Bonds, issued by the Florida Board of Governors on behalf of the University, as capital improvement debt payable, instead of bonds payable. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt, at June 30
(In Millions)

	2010	2009
Bonds Payable	$	$ 126.2
Capital Improvement Debt Payable	130.7	
Capital Leases Payable	1.4	2.5
Total	$ 132.1	$ 128.7

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 that will impact the University in the future. There is cautious optimism for the current year mainly due to population growth and recent reports that the worst of the recession has past. General revenue State appropriations to FIU were increased by $4.8 million for the 2010-11 fiscal year. The legislature also approved an 8 percent statewide tuition increase for undergraduate students and a tuition differential that allowed the University to increase undergraduate tuition up to 15 percent.

The State outlook for the 2011-12 fiscal year is not as optimistic since stimulus funds will no longer be available and a Medicaid shortfall is expected. The full scope of the gap created by the increased State expenses for the 2011-12 fiscal year is still unknown. FIU will continue to implement its long-range strategic plan for the 2011-12 fiscal year, which incorporates a reduction strategy that minimizes impact on critical operations and strategic areas.

The FIU College of Medicine (COM) admitted its second class in August 2010. The COM receives line-item appropriations from the Florida Legislature. For the 2010-11 fiscal year, general revenue State appropriations to the COM increased by $3.8 million. With total general revenue State appropriations of $25.2 million and $0.9 million received from stimulus funds, the 2010-11 fiscal year COM budget is aligned with the implementation plan approved by the Board of Governors in July 2007.

The economic condition and the overall State agenda will continue to influence appropriation strategies for higher education. The main factors affecting FIU in the future are its ability to execute the cost reduction strategies, finding alternate revenue sources through existing and new ventures, and attracting external monetary support, while remaining intently focused on its mission and goals. However, as the State addresses the issue of diversifying its revenue streams, one of the options being explored is the New Florida Initiative that proposes a "knowledge-based economy." This presents an opportunity for FIU to obtain additional funds that are tied to specific programs.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS
June 30, 2010

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,926,261	$ 6,317,384
Investments	236,394,627	117,891,190
Accounts Receivable, Net	26,362,008	55,773,944
Loans and Notes Receivable, Net	385,902	
Due from State	130,284,215	
Due from Component Units/University	607,903	966,498
Inventories	389,045	
Other Current Assets	249,200	1,947,517
Total Current Assets	396,599,161	182,896,533
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	6,074,690	3,510,589
Restricted Investments	26,445,900	2,766,057
Loans and Notes Receivable, Net	2,620,787	
Depreciable Capital Assets, Net	590,544,591	10,529,646
Nondepreciable Capital Assets	129,636,936	247,604
Due from Component Units/University	3,552,761	
Other Noncurrent Assets	1,267,446	29,067,173
Total Noncurrent Assets	760,143,111	46,121,069
TOTAL ASSETS	$ 1,156,742,272	$ 229,017,602
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 16,251,788	$ 350,099
Construction Contracts Payable	5,368,076	
Salaries and Wages Payable	9,202,014	
Deposits Payable	9,221,761	
Due to State	471,162	
Due to Component Units/University	966,498	607,903
Deferred Revenue	136,876,244	839,087
Other Current Liabilities		802,573
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	6,428,523	
Bonds Payable		599,723
Notes Payable		990,000
Capital Leases Payable	899,713	
Compensated Absences Payable	2,067,109	
Liability for Self-Insured Claims	7,526	
Total Current Liabilities	187,760,414	4,189,385

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

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	$ 124,242,506	$
Bonds Payable		33,586,723
Notes Payable		8,785,000
Capital Leases Payable	539,744	
Compensated Absences Payable	26,986,843	
Due to Component Units/University		3,552,761
Other Postemployment Benefits Payable	8,240,000	
Liability for Self-Insured Claims	67,733	
Other Long-Term Liabilities	2,694,346	4,415,559
Total Noncurrent Liabilities	162,771,172	50,340,043
TOTAL LIABILITIES	350,531,586	54,529,428
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	588,152,799	
Restricted for Nonexpendable:		
Endowment		150,907,682
Restricted for Expendable:		
Debt Service	352,425	
Loans	332,349	
Capital Projects	20,861,155	
Other	17,973,467	10,906,029
Unrestricted	178,538,491	12,674,463
TOTAL NET ASSETS	806,210,686	174,488,174
TOTAL LIABILITIES AND NET ASSETS	$ 1,156,742,272	$ 229,017,602

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

FLORIDA INTERNATIONAL 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

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $65,826,203	$ 148,724,903	$
Federal Grants and Contracts	64,198,436	
State and Local Grants and Contracts	9,180,685	
Nongovernmental Grants and Contracts	9,256,567	
Sales and Services of Educational Departments	439,325	
Sales and Services of Auxiliary Enterprises	97,120,287	
Sales and Services of Component Units		1,077,502
Gifts and Donations		16,663,961
Interest on Loans and Notes Receivable	46,824	
Other Operating Revenues	10,741,722	4,550,340
Total Operating Revenues	339,708,749	22,291,803
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	376,700,544	
Services and Supplies	130,504,221	470,733
Utilities and Communications	13,778,248	120,616
Scholarships, Fellowships, and Waivers	67,396,117	
Depreciation	36,681,038	890
Self-Insured Claims and Expenses	83,688	
Other Operating Expenses		15,315,191
Total Operating Expenses	625,143,856	15,907,430
Operating Income (Loss)	(285,435,107)	6,384,373
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	203,133,227	
Federal and State Student Financial Aid	82,412,428	
State Appropriated American Recovery and Reinvestment Act Funds	15,116,940	
Investment Income	24,267,078	11,261,161
Other Nonoperating Revenues	968,007	19,483
Loss on Disposal of Capital Assets	(174,286)	
Interest on Capital Asset-Related Debt	(5,761,953)	(1,656,351)
Other Nonoperating Expenses	(100,444)	(495,069)
Net Nonoperating Revenues	319,860,997	9,129,224
Income Before Other Revenues, Expenses, Gains, or Losses	34,425,890	15,513,597
Capital Appropriations	45,839,625	
Capital Grants, Contracts, Donations, and Fees	2,917,329	
Increase in Net Assets	83,182,844	15,513,597
Net Assets, Beginning of Year	701,432,285	158,974,577
Adjustment to Beginning Net Assets	21,595,557	
Net Assets, Beginning of Year, as Restated	723,027,842	158,974,577
Net Assets, End of Year	$ 806,210,686	$ 174,488,174

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

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

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	$ 155,493,628
Grants and Contracts	78,728,542
Sales and Services of Educational Departments	439,325
Sales and Services of Auxiliary Enterprises	95,078,709
Interest on Loans and Notes Receivable	4,095
Payments to Employees	(370,446,252)
Payments to Suppliers for Goods and Services	(138,682,513)
Payments to Students for Scholarships and Fellowships	(67,396,117)
Payments on Self-Insured Claims	(8,429)
Net Loans Issued to Students	(524,171)
Other Operating Receipts	8,909,243
Net Cash Used by Operating Activities	(238,403,940)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	203,823,915
Federal and State Student Financial Aid	82,735,065
State Appropriated American Recovery and Reinvestment Act Funds	14,706,279
Operating Subsidies and Transfers	(218,905)
Net Change in Funds Held for Others	17,457
Other Nonoperating Disbursements	(1,438,971)
Net Cash Provided by Noncapital Financing Activities	299,624,840
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	31,474,296
Capital Appropriations	56,620,538
Capital Grants, Contracts, Donations, and Fees	1,953,454
Capital Subsidies and Transfers	469,420
Other Receipts for Capital Projects	933,941
Purchase or Construction of Capital Assets	(99,411,727)
Principal Paid on Capital Debt and Leases	(6,774,953)
Interest Paid on Capital Debt and Leases	(5,950,024)
Net Cash Used by Capital and Related Financing Activities	(20,685,055)
CASH FLOWS FROM INVESTING ACTIVITIES	
Changes in Investments, Net	(56,325,564)
Investment Income	7,141,866
Net Cash Used by Investing Activities	(49,183,698)
Net Decrease in Cash and Cash Equivalents	(8,647,853)
Cash and Cash Equivalents, Beginning of Year	16,648,804
Cash and Cash Equivalents, End of Year	$ 8,000,951

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

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (285,435,107)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	36,681,038
Change in Assets and Liabilities:	
Receivables, Net	(2,056,478)
Inventories	47,231
Other Assets	(20,366)
Accounts Payable	5,571,958
Salaries and Wages Payable	1,536,792
Deposits Payable	(6,913)
Compensated Absences Payable	554,503
Deferred Revenue	485,143
Liability for Self-Insured Claims	75,259
Other Postemployment Benefits Payable	4,163,000
NET CASH USED BY OPERATING ACTIVITIES	$ (238,403,940)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND NONCASH INVESTING ACTIVITIES	
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.	$ (174,286)
Unrealized gains from investing activities were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.	$ 17,075,153

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

FLORIDA INTERNATIONAL 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 International 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 June 18, 2009, 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.

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) 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 International University Foundation, Inc. – Encourages, solicits, receives, and administers gifts and bequests of property and funds for the advancement of the University and its objectives.

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

- Florida International University Research Foundation, Inc. – Promotes encourages, and assists research and training activities of faculty, staff, and students of the University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.
- FIU Athletics Finance Corporation – Supports the University in matters pertaining to the financing of the University's football stadium and subsequent managing and operating of the facility.
- Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. – Improves and supports medical education at the FIU College of Medicine.

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's Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

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
  - 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,

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

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. The Florida International University Foundation, Inc., follows the Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, (formerly Financial Accounting Standards Board Statement, No. 117). The Florida International University Research Foundation, Inc., the FIU Athletics Finance Corporation, and the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc., follow the GASB standards of accounting and financial reporting because they meet the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the organization's governing body by one or more State or local governments.

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 before 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 (net of unrealized gains or losses on investments), 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 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.

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

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.

Concentration of Credit Risk – Component Units

Financial instruments that potentially subject the Florida International University Foundation, Inc. (Foundation), to concentration of credit risk consist principally of cash in banks. The Foundation places substantially all of its cash with high quality financial institutions which the Foundation believes limits this risk. At June 30, 2010, $60,400 was in excess of the Federal Depository Insurance Corporation (FDIC) limits.

Financial instruments that potentially subject the FIU Athletics Finance Corporation (Finance Corporation) to concentration of credit risk consist principally of cash in banks and investments.

In addition to insurance provided by the FDIC, the Foundation, the Finance Corporation, and the Florida International Research Foundation, Inc., deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted in the preceding paragraph, are insured or collateralized with securities held by the entity or its agent in the entity's name.

The Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the U.S. government. Current and future portfolio holdings are subject to risk. At June 30, 2010, $4,830,116 was held in these accounts. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

The Florida International Research Foundation, Inc. (Research Foundation), maintains a deposit balance in Colombia, South America, to manage its Colombian operation pertaining to a U.S. Agency for International Development (USAID) grant. The balance in this account of $27,292, as of June 30, 2010, is not FDIC insured and is subject to foreign exchange risk. Additionally, in March 2010, a bank account in Tanzania, Africa was opened to support the operations pertaining to the Tanzania Integrated Water, Sanitation, and

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

Hygiene (iWASH) Program also under a USAID grant. The balance in this account of $107,601 as of June 30, 2010, is not FDIC insured and is subject to foreign exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

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, computer software, and property under capital leases. 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 and $50,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Computer Software – 5 years
- Property Under Capital Leases – 5 years

Depreciable assets of the Florida International University Foundation, Inc., are stated at cost and are net of accumulated depreciation of $2,557,547. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

Depreciable assets of the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc., are stated at cost and are net of accumulated depreciation of $890. Depreciation is provided using the straight-line method over the estimated useful lives of 5 years for the assets.

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of capital improvement debt payable, capital leases payable, compensated absences payable, other postemployment benefits payable, liability for self-insured claims, and other long-term liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes bond premiums and discounts over the life of the bonds 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. Issuance costs paid from the debt proceeds are reported as deferred charges, and are amortized over the life of the bonds using the straight-line method.

FLORIDA INTERNATIONAL 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 and Parking) Revenue Bonds issued by the Florida Board of Governors on behalf of the University as bonds payable on the statement of net assets. The Florida Board of Governors loaned the bond proceeds to the University 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 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 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. This change affects the comparability of amounts reported as bonds payable 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 ADJUSTMENT

The University's beginning net assets was increased by $21,595,557 to recognize 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, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees

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

as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University's investments at June 30, 2010, are reported at fair value, as follows:

Investment Type	Amount
External Investment Pools:	
State Treasury Special Purpose Investment Account	$ 88,889,842
State Board of Administration Florida PRIME	440
State Board of Administration Fund B Surplus Funds Trust Fund	9,115
State Board of Administration Debt Service Accounts	2,896,811
Mutual Funds:	
Limited Partnerships	20,856,083
Equities	37,005,086
Fixed Income and Bond Mutual Funds	88,153,588
Money Market Funds	25,029,562
Total University Investments	$ 262,840,527

External Investment Pools

State Treasury Special Purpose Investment Account. The University reported investments at fair value totaling $88,889,842 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 Af 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 Florida PRIME. At June 30, 2010, the University reported investments at fair value totaling $440 in the State Board of Administration (SBA) Local Government Surplus Trust Funds Trust Fund Investment Pool, which effective July 1, 2009, is known as Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's 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 investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 46 days as of 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 State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund to establish

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

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 balance within the Florida PRIME investment pool.

At June 30, 2010, the University reported investments at fair value of $9,115 for amounts held in Fund B. The University's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of .67353149 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 University's investment in Fund B is unrated.

State Board of Administration Debt Service Accounts. The University reported investments at fair value totaling $2,896,811 at June 30, 2010, in the State Board of Administration (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.

Fixed Income and Bond Mutual Funds

The University invested in various mutual funds in accordance with the University's investment policy. The following risks apply to the University's fixed income and bond mutual fund investments:

- *Interest Rate Risk*: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(6), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2010, are as follows:

University Debt Investment Maturities

Type of Investment	Investment Maturities (In Years)				
	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Fixed Income Mutual Fund	$ 43,769,459	$ 6,127,724	$ 19,258,562	$ 7,878,503	$ 10,504,670
TIPS Index Fund	27,775,644	5,166	9,716,310	9,165,962	8,888,206
High Yield Bond Mutual Fund	16,608,485	1,328,679	7,639,903	7,141,648	498,255
Total	$ 88,153,588	$ 7,461,569	$ 36,614,775	$ 24,186,113	$ 19,891,131

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

- *Credit Risk*: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2010, the securities held in fixed income and bond mutual funds had credit quality ratings by a nationally-recognized rating agency (i.e., Standard & Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

Type of Investment	Fair Value	AAA	AA	A/Ba	BBB/Baa to Not Rated
Fixed Income Mutual Fund	$ 43,769,459	$ 29,325,537	$ 1,750,778	$ 4,814,641	$ 7,878,503
TIPS Index Fund	27,775,644	27,770,478			5,166
High Yield Bond Mutual Fund	16,608,485			49,825	16,558,660
Total	$ 88,153,588	$ 57,096,015	$ 1,750,778	$ 4,864,466	$ 24,442,329

- *Concentration of Credit Risk*: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's investment policy addresses the issue of concentration of credit risk by establishing the following restrictions:

  - Maximum position in an individual security (excluding Government securities) must not exceed 5 percent of the account market value.
  - Maximum position in any one issuer (excluding Government securities) must not exceed 5 percent of the account market value.

Component Units Investments

The Florida International University Foundation, Inc., investments at June 30, 2010, are reported at fair value as follows:

Investment Type	Amount
Common Stock and Mutual Funds	$ 70,624,710
Limited Partnerships	23,671,390
U.S. Government and Municipal Securities	7,668,529
Corporate Bonds	13,564,097
Accrued Interest	298,505
Total	$ 115,827,231

Note: See note 1 for disclosures regarding concentration of credit risk.

The FIU Athletics Finance Corporation investments are made in accordance with the trust indenture dated April 1, 2007. The investments at June 30, 2010, are reported at fair value, as follows:

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Investment Type	Amount
External Investment Pools:	
State Board of Administration Fund B	
Surplus Funds Trust Fund	$ 639,811
Money Market Funds	4,190,305
Total	$ 4,830,116

At June 30, 2010, the FIU Athletics Finance Corporation reported investments at fair value totaling $639,811 in the Fund B Surplus Funds Trust Fund (Fund B). Fund B is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes. Disclosures regarding external investment pools are presented on pages 22 and 23.

At June 30, 2010, the FIU Athletics Finance Corporation reported investments at fair value totaling $4,190,305 in a money market mutual fund. The fund maintains a weighted average maturity of 32 days and is rated AAAm by Standard & Poor's, Aaa by Moody's, and AAA by Fitch. The fund complies with the requirements of Rule 2a-7 under the Investment Company Act of 1940, which sets forth portfolio quality and diversification restrictions for money market mutual funds.

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:

Description	Amount
Contracts and Grants	$ 11,051,465
Student Tuition and Fees	14,647,256
Other	663,287
Total Accounts Receivable, Net	$ 26,362,008

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. Student tuition and fees receivable, contracts and grants receivable, and loans and notes receivable are reported net of allowances of $19,242,543, $4,857,344, and $1,290,952, respectively, at June 30, 2010.

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6. DUE FROM STATE

This amount includes $119,454,617 of Public Education Capital Outlay and $6,503,456 of Capital Improvement Fee Trust Fund allocations due from the State to the University for the construction of University facilities. The amount also includes $3,915,481 due from the Educational Enhancement Trust Fund and $410,661 from the State Appropriated American Recovery and Reinvestment Act.

7. INVENTORIES

Inventories have been categorized into the following two types:

- Departmental Inventories – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net 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. Inventories are comprised of telephone, information technology, and pharmaceutical supplies, as well as items maintained at the University's duplicating and postal service centers. Merchandise inventories are reported on the statement of net assets, and are valued at cost using the first-in, first-out, method.

8. CAPITAL ASSETS

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

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Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 30,989,550	$	$	$ 30,989,550
Works of Art and Historical Treasures	3,818,249	326,950		4,145,199
Construction in Progress	79,467,046	71,569,303	56,534,162	94,502,187
Total Nondepreciable Capital Assets	$ 114,274,845	$ 71,896,253	$ 56,534,162	$ 129,636,936
Depreciable Capital Assets:				
Buildings	$ 621,222,394	$ 56,534,162	$	$ 677,756,556
Infrastructure and Other Improvements	14,676,851			14,676,851
Furniture and Equipment	150,399,720	24,078,153	6,198,442	168,279,431
Library Resources	103,242,121	6,958,977		110,201,098
Computer Software	1,954,964	349,911	42,804	2,262,071
Property Under Capital Leases	6,299,117		1,827,016	4,472,101
Total Depreciable Capital Assets	897,795,167	87,921,203	8,068,262	977,648,108
Less, Accumulated Depreciation:				
Buildings	174,166,906	17,186,976		191,353,882
Infrastructure and Other Improvements	11,999,863	397,250		12,397,113
Furniture and Equipment	114,296,832	12,213,388	2,850,172	123,660,048
Library Resources	49,238,805	5,695,627		54,934,432
Computer Software	1,256,903	256,283	12,863	1,500,323
Property Under Capital Leases	4,153,221	931,514	1,827,016	3,257,719
Total Accumulated Depreciation	355,112,530	36,681,038	4,690,051	387,103,517
Total Depreciable Capital Assets, Net	$ 542,682,637	$ 51,240,165	$ 3,378,211	$ 590,544,591

9. DEFERRED REVENUE

Deferred revenue includes Public Education Capital Outlay and Capital Improvement Trust Fund 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. In addition, deferred revenue also includes stadium rental income for prepaid rent received from the FIU Athletics Finance Corporation, contracts and grants payments received in advance, student housing fees, athletic revenues, and student trust fund fees 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:

Description	Amount
Capital Appropriations	$ 103,842,574
Stadium Rental Income	28,003,218
Contracts and Grants	4,097,575
Student Housing Fees	775,085
Athletic Revenues	135,367
Student Trust Fund Fees	22,425
Total Deferred Revenue	$ 136,876,244

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10. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2010, include capital improvement debt payable, capital leases payable, compensated absences payable, liability for self-insured claims, other postemployment benefits payable, and other long-term liabilities. Other long-term liabilities consist 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:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable (1)	$ 126,187,462	$ 32,011,551	$ 27,527,984	$ 130,671,029	$ 6,428,523
Capital Leases Payable	2,554,410		1,114,953	1,439,457	899,713
Compensated Absences Payable	28,499,449	2,951,528	2,397,025	29,053,952	2,067,109
Liability for Self-Insured Claims		83,688	8,429	75,259	7,526
Other Postemployment Benefits Payable	4,077,000	4,163,000		8,240,000	
Other Long-Term Liabilities	2,785,317		90,971	2,694,346	
Total Long-Term Liabilities	$ 164,103,638	$ 39,209,767	$ 31,139,362	$ 172,174,043	$ 9,402,871

Note: (1) The University recorded an adjustment to beginning net assets to recognize a change in reporting bonds and revenue certificates payable for State University Capital Improvement Trust Fund Revenue Bonds and a change to report collaterized debt as 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:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
1998	$ 26,525,000	$ 20,628,248	4.30 - 4.75	2028
2000	14,605,000	11,121,805	4.75 - 5.75	2025
2004A	53,915,000	43,740,186	4.00 - 5.00	2034
Total Student Housing Debt	95,045,000	75,490,239		
Parking Garage Debt:				
1995	7,780,000	3,231,660	5.25 - 5.375	2016
1999	7,530,000	4,381,177	5.10 - 5.625	2019
2002	22,915,000	15,913,781	3.25 - 4.60	2022
2009 A&B	32,000,000	31,654,172	2.00 - 6.875	2039
Total Parking Garage Debt	70,225,000	55,180,790		
Total Capital Improvement Debt	$ 165,270,000	$ 130,671,029		

Note: (1) Amount outstanding includes unamortized discounts and premiums, and deferred losses on refunding issues.

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The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay $165,270,000 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. The bonds are payable solely from housing rental income, traffic and parking fees, and an assessed transportation fee per student. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, and the assessed transportation fee sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $212,025,732, and principal and interest paid for the current year totaled $11,519,463. During the 2009-10 fiscal year, housing rental income, traffic and parking fees, and assessed transportation fees totaled $23,188,374, $3,810,226, and $7,353,660, respectively.

On December 17, 2009, the University issued $32,000,000 of Florida International University Parking Facility Revenue Bonds consisting of $3,085,000, Series 2009A, tax-exempt bonds and $28,915,000, Series 2009B, taxable Build America Bonds. The capital improvement debt proceeds are being used to finance a portion of the construction of Parking Garage V, a new multilevel parking garage that was partially occupied in August 2010.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2011	$ 6,215,000	$ 6,487,478	$ 12,702,478
2012	6,475,000	6,220,675	12,695,675
2013	6,765,000	5,938,299	12,703,299
2014	7,065,000	5,634,993	12,699,993
2015	7,400,000	5,311,226	12,711,226
2016-2020	30,045,000	21,760,357	51,805,357
2021-2025	25,870,000	15,051,646	40,921,646
2026-2030	18,630,000	9,305,770	27,935,770
2031-2034	15,015,000	4,770,444	19,785,444
2035-2039	6,860,000	1,204,844	8,064,844
Subtotal	130,340,000	81,685,732	212,025,732
Plus: Net Discounts, Premiums, and Losses on Refundings	331,029		331,029
Total	$ 130,671,029	$ 81,685,732	$ 212,356,761

Capital Leases Payable. Data processing, food service equipment, and vehicles, in the amount of $4,472,101 are being acquired under capital lease agreements. The stated interest rates range from 3.78 to 11.60 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2010, are as follows:

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Fiscal Year Ending June 30	Amount
2011	$ 947,813
2012	447,917
2013	108,416
Total Minimum Payments	1,504,146
Less, Amount Representing Interest	(64,689)
Present Value of Minimum Payments	$ 1,439,457

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 $29,053,952. 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, 392 retirees received postemployment healthcare benefits. The University provided

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required contributions of $1,358,000 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 $2,172,000.

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:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 2,880,000
Amortization of Unfunded Actuarial Accrued Liability	2,403,000
Interest on Normal Cost and Amortization	211,000
Annual Required Contribution	5,494,000
Interest on Net OPEB Obligation	163,000
Adjustment to Annual Required Contribution	(136,000)
Annual OPEB Cost (Expense)	5,521,000
Contribution Toward the OPEB Cost	(1,358,000)
Increase in Net OPEB Obligation	4,163,000
Net OPEB Obligation, Beginning of Year	4,077,000
Net OPEB Obligation, End of Year	$ 8,240,000

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010, and for the transition and preceding years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, July 1, 2007	$		$
2007-08	3,429,000	38.3%	2,117,000
2008-09	3,216,000	43.9%	4,077,000
2009-10	5,521,000	24.6%	8,240,000

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $72,099,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $72,099,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $239,560,000 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 30.1 percent.

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 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, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year. Initial healthcare cost trend rates for the PPO plan was 10.32 and 8.84 percent for the first two years, 7 percent in the third year, grading to 5.1 percent over 70 years. Initial healthcare cost trend rates for the HMO plan was 10 percent for the first two years, 7 percent in the third year, grading to 5.1 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.

11. COMPONENT UNITS DEBT ISSUES

Notes Payable – Florida International University Foundation, Inc.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued $13 million tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Florida International University Foundation, Inc. (Foundation), and the Authority.

The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see note 15). The $13 million principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on

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50 percent of the original issue, $6.5 million, has been synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank (see note 14). For the year ended June 30, 2010, total interest paid was $405,964. The bond proceeds are being used to acquire, construct, and equip the multi-function support complex located on the University Park campus and to pay issuance costs. As of June 30, 2010, the outstanding principal balance due under this note payable was $9.26 million. As of June 30, 2010, the fair value of the FIU Foundation's liability under the swap agreement was $645,890.

The bonds are also payable from an irrevocable letter of credit. On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to $13 million through December 15, 2004, bearing interest at the prime rate plus 2 percent. On November 29, 2004, this agreement was extended, with the same terms and conditions, through December 15, 2009. There were two additional extensions subsequent to that date through July 30, 2010. The Foundation must pay an annual commitment fee of .45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under debt covenants to which they are in compliance with.

Due to significant stress in the bank market the bonds were repurchased by the Trustee under the SunTrust Bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. Subsequent to the fiscal year end, on July 30, 2010, the commercial bank converted the variable rate demand bonds into a five-year tax exempt qualified loan. After the initial five-year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five-year period. The Foundation agrees to pay interest at a rate of 67 percent of one month London Interbank Offered Rate (LIBOR) plus 1.68 percent. The bond maturity date of May 1, 2022, remains unchanged as does the swap agreement. As of June 30, 2010, the principal portion that was due was included in the refinanced amount.

The aggregate maturities of the notes payable, as of June 30, 2010, are shown in the following table:

Fiscal Year Ending June 30	Amount
2011	$ 475,000
2012	605,000
2013	640,000
2014	670,000
2015	705,000
Thereafter	6,165,000
Total	$ 9,260,000

Notes Payable – Florida International University Research Foundation, Inc.

The Florida International University Research Foundation, Inc. (Research Foundation), issued the following promissory note on June 30, 2005, to assist the University with a settlement agreement involving various

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Federal agencies, relating to the Hemispheric Center for Environmental Technology. The University is obligated to provide funds to the Research Foundation to pay the principal and interest on the note as follows:

- $7,955,000, Florida International University Research Foundation, Inc., Tax-Exempt Note, Series 2005; interest at 65 percent of three–month London Interbank Offered Rate plus 39.23 basis points; interest and principal payable on a quarterly basis. The remaining balance of $515,000 was paid in full subsequent to fiscal year-end on July 1, 2010.

Bonds Payable – FIU Athletics Finance Corporation

On April 20, 2007, the FIU Athletics Finance Corporation issued $28,000,000 of Capital Improvement Revenue Bonds, Series 2007A, and $7,000,000 of Capital Improvement Revenue Bonds, Series 2007B. These bonds were issued and secured under and pursuant to a trust indenture, dated April 1, 2007, between the FIU Athletics Finance Corporation and a commercial bank, as trustee, and shall be payable from pledged revenues. The bond proceeds were used to finance certain football stadium improvements, fund capitalized interest through March 1, 2009, fund a deposit to a debt service reserve fund, and pay costs related to the issuance of the bonds. The bonds are secured by operating and nonoperating revenues of the facility as well as the University athletic fees. These bonds were refunded during the fiscal year ended June 30, 2010.

On December 1, 2009, the FIU Athletics Financial Corporation issued $30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and $5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B. These bonds were issued and secured under and pursuant to a trust indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and nonoperating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis. The interest rate on the Series 2009A bonds is equal to the sum of 63.7 percent of three-month LIBOR plus 1.90 percent. The interest rate on the Series 2009B bonds shall be at a rate equal to three-month LIBOR plus 2.65 percent. The total proceeds from the new bond issue were used solely to retire and refund the outstanding Series 2007A and B bonds and pay costs of issuance of the bonds and other refinancing costs. The funds were held in escrow by the Trustee and the Series 2007A and B bonds were fully redeemed effective January 8, 2010. Total principal due at June 30, 2010, was $34,603,707.

As a result of the refunding, the FIU Athletics Finance Corporation increased its total debt service requirements by $4,203,644, which resulted in a net present value loss of $3,034,308.

The FIU Athletics Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals $2,766,057 and is presented in restricted investments.

The FIU Athletics Finance Corporation is also required to have minimum deposits of $3,500,000 with Regions Bank. The deposit is to be held in an interest-bearing additional reserve fund and is presented in restricted cash.

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The interest rates on these bonds are both fixed and variable and are subject to a hedge agreement that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days (see note 12).

The aggregate maturities of these bonds as of June 30, 2010, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2011	$ 599,723	$ 1,500,126	$ 2,099,849
2012	618,074	1,567,747	2,185,821
2013	636,987	1,627,027	2,264,014
2014	656,479	1,677,592	2,334,071
2015	676,567	1,719,051	2,395,618
2016-2020	5,865,877	7,899,173	13,765,050
2021-2025	8,135,713	6,031,312	14,167,025
2026-2030	10,150,001	3,637,679	13,787,680
2031-2033	7,264,286	792,886	8,057,172
Subtotal	34,603,707	26,452,593	61,056,300
Less, Amount Deferred on Refunding	(417,261)		(417,261)
Total	$ 34,186,446	$ 26,452,593	$ 60,639,039

12. DERIVATIVE FINANCIAL INSTRUMENTS – COMPONENT UNITS

The Florida International University Foundation, Inc., the Florida International University Research Foundation, Inc., and the FIU Athletics Finance Corporation all entered into derivative instruments (i.e., interest rate swap agreements) to reduce their exposure to market risks from changing interest rates. For interest rate swap agreements, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. These interest rate swap agreements are discussed below.

Florida International University Foundation, Inc. (Foundation)

On February 1, 2000, the Foundation entered into an interest rate swap agreement (swap agreement) with a commercial bank on a notional amount of $6.5 million, which represents 50 percent of the principal amount of the bond issue, as described in note 11. Under the original swap agreement, the Foundation agreed to pay a fixed rate of 5.03 percent per annum and receive variable rates based on 67 percent of the one-month U.S. Dollar London Interbank Offered Rate (LIBOR). Effective October 1, 2005, the Foundation renegotiated the swap agreement reducing the interest rate swap to 4.63 percent per annum. The renegotiated swap agreement expires on February 1, 2015. The derivative liability at June 30, 2010, was $645,890.

Florida International University Research Foundation, Inc. (Research Foundation)

On June 30, 2005, the Research Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of $7,955,000, which represents the notes payable described in note 12. Under the swap agreement, the Research Foundation agrees to pay a fixed rate of 3.15 percent per annum and

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receive a variable rate based on 65 percent of the three-month LIBOR plus .3923 percent. As of June 30, 2010, the Research Foundation reported a derivative liability of $3,344 in the statement of net assets and an unrealized gain of $38,824 in the statement of revenue, expenses, and changes in net assets. The swap agreement has a maturity date of July 1, 2010.

FIU Athletics Finance Corporation (Finance Corporation)

Objectives. As a means to lower its borrowing costs and increase its savings, when compared *against* fixed-rate bonds at the time of issuance in May 2007, and refunding in December 2009, the Finance Corporation entered into an interest rate swap agreement in connection with its $30 million 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the swap agreement was to effectively change the Finance Corporation's variable interest rate on the bonds to a synthetic fixed rate of 3.60 percent.

Terms. On May 30, 2007, the Finance Corporation entered into an interest rate swap agreement with a commercial bank on a notional amount of $21 million, which represents the fixed portion of the bonds payable described in note 13. Under the swap agreement, the Finance Corporation agreed to pay a fixed rate of 4.1451 percent per annum and receive a variable rate based on the Securities Industry and Financial Markets Association (SIFMA) index (tax-exempt variable demand bond index maintained by the Bond Marketing Association).

On December 22, 2009, the Finance Corporation amended the interest rate swap agreement to hedge the floating rate on $21 million of the principal amount of the 2009A Bonds. This represents the fixed portion of the tax exempt bonds payable described in note 13. Under the swap agreement, the Finance Corporation agrees to pay a fixed rate of 3.60 percent and receive a variable rate equal to 63.7 percent of three-month LIBOR. The swap agreement has a maturity date of March 1, 2033.

Fair Value. As of June 30, 2010, the Finance Corporation swap has a derivative liability of $3,905,754. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values.

As of December 22, 2009, the fair value of the Series 2007A ineffective interest rate swap was $2,251,646. This interest rate swap was not terminated when the bonds were refunded. However, the interest rate on the refunded Series 2009 bonds reflects a higher rate due to not terminating this interest rate swap. Accordingly, the fair value of $2,251,646 of the ineffective Series 2007A interest rate swap will be amortized over the remaining life of the refunded Series 2009A bond. For the period July 1, 2009, to December 22, 2009, the change in the fair value of this ineffective interest rate swap was $495,069.

The consistent critical terms method evaluates the effectiveness by qualitative consideration of the critical terms of the hedgeable items and the potential hedging derivative instrument. The Finance Corporation determined the terms of the Series 2009A refunded bonds and the interest rate swap are consistent and meet the criteria of the consistent critical terms method. As a result of these refunded bonds, the change in the fair value in the effective interest rate swap, from December 22, 2009, to June 30, 2010, is a deferred outflow

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of resources in the amount of $1,702,531. Effectively, the revised swap agreement started with a zero fair value.

Credit Risk. As of June 30, 2010, the Finance Corporation was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Regions Bank) was rated Baal by Moody's Investors Service, BBB by Standard & Poor's, and BBB+ by Fitch Ratings.

Basis Risk. Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap are based on 63.7 percent of the three-month LIBOR rate, there is limited basis risk.

Termination Risk. The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event." That is, the swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Athletics Finance Corporation, with or without the consent of the counterparty (Regions Bank); or (ii) any credit support document expires, terminates or ceases to be of full force and effect. Also, the swap agreement may be terminated or assigned by the Finance Corporation if the counterparty's (Regions Bank) long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: (a) "Baa3" as determined by Moody's; or (b) "BBB-" as determined by Standard & Poor's; or (c) "BBB-" as determined by Fitch.

Swap Payments and Associated Debt. Using rates as of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows: As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate	Total
	Principal	Interest	Swap, Net	
2011	$	$ 399,714	$ 755,286	$ 1,155,000
2012		399,714	755,286	1,155,000
2013		399,714	755,286	1,155,000
2014		399,714	755,286	1,155,000
2015		399,714	755,286	1,155,000
2016-2020	3,115,000	1,931,001	3,648,749	8,694,750
2021-2025	5,695,000	1,494,931	2,824,769	10,014,700
2026-2030	7,105,000	901,641	1,703,709	9,710,350
2031-2033	5,085,000	196,526	371,349	5,652,875
Total	$ 21,000,000	$ 6,522,669	$ 12,325,006	$ 39,847,675

13. 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 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	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
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	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 in which reemployed.

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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 for the fiscal years ended June 30, 2008, June 30, 2009, and June 30, 2010, totaled $7,869,759, $8,286,522, and $8,493,631, 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, Senior Management Service 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 351 University participants during the 2009-10 fiscal year. Required contributions made to the PEORP totaled $1,403,559.

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.

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 1,731 University participants during the 2009-10 fiscal year. Required employer contributions made to the Program totaled $14,580,154 and employee contributions totaled $5,460,069.

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14. CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2010, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Science Classroom Complex	$ 50,000,000	$ 796,375	$ 49,203,625
Graduate Classroom Building	33,300,000	165,264	33,134,736
Parking Garage V/Retail/Public Safety Building	43,796,422	28,422,124	15,374,298
International Hurricane Center	15,000,000	176,277	14,823,723
Social Science - International Studies	22,849,971	10,213,274	12,636,697
Satellite Chiller Plant	7,110,000	45,628	7,064,372
Utilities/Infrastructure Improvements - Project BT 852	5,142,603	737,634	4,404,969
US Century Bank Arena/Fitness Center Renovation	3,802,513	361	3,802,152
Utilities/Infrastructure Improvements - Project BT 802	9,975,000	6,721,853	3,253,147
Public Safety Building, Modesto A. Maidique Campus	3,944,900	823,434	3,121,466
Subtotal	194,921,409	48,102,224	146,819,185
Projects with Balance Committed Under $3 Million	64,096,380	46,399,963	17,696,417
Total	$ 259,017,789	$ 94,502,187	$ 164,515,602

15. OPERATING LEASE COMMITMENTS – RELATED PARTY TRANSACTIONS

Florida International University Foundation, Inc. (Foundation)

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Florida International University Foundation, Inc. (Foundation). Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the University Park campus. The consideration required to be paid by the Foundation is $10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the facility became operational. The lease will terminate on May 1, 2022, which is the date of maturity of the loan agreement.

The facility under the above operating lease is not recorded as an asset on the statement of net assets; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred. The following schedule by years presents management's best estimate of future minimum rental payments for this noncancelable operating lease as of June 30, 2010:

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Fiscal Year Ending June 30	Amount
2011	$ 1,260,000
2012	1,260,000
2013	1,260,000
2014	1,260,000
2015	1,260,000
Thereafter	8,820,000
Total Minimum Payments Required	$ 15,120,000

Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc.

Florida International University and the Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (FIU COM Health Care Network) entered into an agreement dated July 27, 2009. Under this agreement, the FIU COM Health Care Network will use the University Health Service Building to provide medical care to the faculty and staff of FIU. FIU COM Health Care Network shall pay the University for rental of the premises in the sum of $15,284 per year. The term of this agreement was originally scheduled to expire on July 26, 2010, but was subsequently renewed for an additional period of one year. Rent expense related to this lease was $14,326 during the 2009-10 fiscal year.

16. GIFT AGREEMENT – FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

The Wolfsonian, Inc. (Wolfsonian), was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, design and architectural arts. The Wolfsonian has been loaned the Mitchell Wolfson, Jr., collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculpture, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby Mitchell Wolfson, Jr., agreed to donate all rights, title, and interest in and to all objects constituting the Mitchell Wolfson, Jr., Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr., dated July 29, 1991. The loan agreement was extended in July 2001 for ten years to July 2011.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collections" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Collection of Decorative and Propaganda Arts is not reflected in the accompanying consolidated financial statements. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

As a result of the Agreement, the Wolfsonian amended its articles of incorporation and bylaws to provide that all its directors be appointed and removed at any time with or without cause by the Foundation, to effect a transfer of complete control of all of the assets, interest, and obligations of the Wolfsonian to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian to make the Foundation the sole voting member of the Wolfsonian.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian. As a result of the Agreement, the University and Foundation have assumed all administrative functions and operating costs of the Wolfsonian activities within the University.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of $1.9 million during the 2009-10 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately $280,000 during the 2009-10 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

17. 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 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

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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 International University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes, on June 18, 2009. The Self-Insurance Program provides professional and general liability protection for the Florida International University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff and resident physicians. Liability protection is afforded to the students of the college. The Self-Insurance Program provides legislative claims bill protection.

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 also 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 healthcare facility for educational purposes not to exceed 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 liability for the Self-Insurance Program during the 2009-10 fiscal year is presented in the following table:

Fiscal Year Ended	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Claims Liabilities End of Year
June 30, 2010	$	$ 83,688	$ (8,429)	$ 75,259

18. 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

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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:

Functional Classification	Amount
Instruction	$ 175,672,806
Research	56,887,821
Public Services	6,939,775
Academic Support	85,621,810
Student Services	21,528,906
Institutional Support	56,516,677
Operation and Maintenance of Plant	37,750,622
Scholarships and Fellowships	69,098,764
Depreciation	36,681,038
Auxiliary Enterprises	78,442,659
Loan Operations	2,978
Total Operating Expenses	$ 625,143,856

19. 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 bonds are outstanding:

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Condensed Statement of Net Assets

	Housing Revenue Bonds	Parking Revenue Bonds
Assets		
Current Assets	$ 16,968,251	$ 13,672,951
Capital Assets, Net	85,327,282	67,345,635
Other Noncurrent Assets	2,400,290	8,791,539
Total Assets	104,695,823	89,810,125
Liabilities		
Current Liabilities	5,144,817	5,428,046
Noncurrent Liabilities	71,889,487	52,722,917
Total Liabilities	77,034,304	58,150,963
Net Assets		
Invested in Capital Assets, Net of Related Debt	9,149,790	12,572,922
Restricted - Expendable	3,848,392	5,648,211
Unrestricted	14,663,337	13,438,029
Total Net Assets	$ 27,661,519	$ 31,659,162

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Housing Revenue Bonds	Parking Revenue Bonds
Operating Revenues	$ 23,188,374	$ 11,163,886
Depreciation Expense	(3,013,861)	(1,166,289)
Other Operating Expenses	(12,896,489)	(5,127,580)
Operating Income	7,278,024	4,870,017
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	329,312	518,854
Interest Expense	(3,499,530)	(2,188,343)
Other Nonoperating Expense	(27,040)	(23,304)
Net Nonoperating Expenses	(3,197,258)	(1,692,793)
Income Before Transfers and Other Revenues	4,080,766	3,177,224
Net Transfers	(1,914,826)	194,773
Capital Grants		346,145
Increase in Net Assets	2,165,940	3,718,142
Net Assets, Beginning of Year	25,495,579	27,941,020
Net Assets, End of Year	$ 27,661,519	$ 31,659,162

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Condensed Statement of Cash Flows

	Housing Revenue Bonds	Parking Revenue Bonds
Net Cash Provided (Used) by:		
Operating Activities	$ 11,236,688	$ 6,095,664
Capital and Related Financing Activities	(8,863,413)	1,459,894
Investing Activities	(2,091,484)	(6,974,505)
Net Increase in Cash and Cash Equivalents	281,791	581,053
Cash and Cash Equivalents, Beginning of Year	2,582,874	833,995
Cash and Cash Equivalents, End of Year	$ 2,864,665	$ 1,415,048

20. COMPONENT UNITS

The University has four component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

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	Direct-Support Organizations				Total
	Florida International University Foundation, Inc.	Florida International University Research Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc.	
Condensed Statement of Net Assets					
Assets:					
Current Assets	$ 177,554,468	$ 745,485	$ 4,528,377	$ 68,203	$ 182,896,533
Capital Assets, Net	10,773,692			3,558	10,777,250
Other Noncurrent Assets	94,946		35,248,873		35,343,819
Total Assets	188,423,106	745,485	39,777,250	71,761	229,017,602
Liabilities:					
Current Liabilities	2,394,119	626,929	1,165,985	2,352	4,189,385
Noncurrent Liabilities	9,054,805		41,232,477	52,761	50,340,043
Total Liabilities	11,448,924	626,929	42,398,462	55,113	54,529,428
Net Assets:					
Restricted	161,813,711				161,813,711
Unrestricted	15,160,471	118,556	(2,621,212)	16,648	12,674,463
Total Net Assets	$ 176,974,182	$ 118,556	$(2,621,212)	$ 16,648	$ 174,488,174
Condensed Statement of Revenues, Expenses, and Changes in Net Assets					
Operating Revenues	$ 18,751,586	$	$ 3,481,395	$ 58,822	$ 22,291,803
Operating Expenses	(14,095,569)	(15,825)	(1,755,523)	(40,513)	(15,907,430)
Operating Income (Loss)	4,656,017	(15,825)	1,725,872	18,309	6,384,373
Net Nonoperating Revenues (Expenses)	10,975,563	17,168	(1,861,846)	(1,661)	9,129,224
Increase (Decrease) in Net Assets	15,631,580	1,343	(135,974)	16,648	15,513,597
Net Assets, Beginning of Year	161,342,602	117,213	(2,485,238)		158,974,577
Net Assets, End of Year	$ 176,974,182	$ 118,556	$(2,621,212)	$ 16,648	$ 174,488,174

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (2) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2007	$	$ 48,762,000	$ 48,762,000	0%	$ 223,494,966	21.8%
7/1/2009	$	$ 72,099,000	$ 72,099,000	0%	$ 239,560,000	30.1%

Notes: (1) The most recent actuarial valuation was July 1, 2009.

(2) The actuarial cost method used by the institution is the entry-age actuarial cost method.

FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2009, unfunded actuarial liability of $72,099,000 was significantly higher than the July 1, 2007, liability of $48,762,000, as a result of changes to demographic, trend, actuarial, and coverage assumptions.

Changes in Demographic Assumptions

More eligible employees elected coverage than expected resulting in a considerable increase in the number of participants receiving healthcare benefits, accordingly the number employees and retirees used to compute the liability was increased.

Changes in Trend Assumptions

For the first two years the actuarial study used trends from the December 7, 2009, Financial Outlook for the State Employees' Group Health Self-Insurance Fund. For subsequent years the trend model has been changed to the Getzen trend model for retiree healthcare valuations. The Getzen trend model does not differentiate between pre-Medicare and post-Medicare medical trends and considers long-term healthcare trends relating what U.S. Citizens will accept for healthcare as a percent of total gross domestic product output/consumption.

Changes in Actuarial Assumptions

Participants are living longer after retirement and receiving healthcare benefits for more years than assumed previously which increases healthcare costs. Reductions in healthcare costs resulted from retirement rates which were less than expected as participants are retiring at older ages and disability rates which were less than expected. The assumptions for these factors have been adjusted to be more in line with experience and to recognize general trends.

Changes in Coverage Assumptions

As a result of the change in demographic assumptions the number of participants that are expected to elect coverage at retirement has also been increased to reflect the revised expectations.

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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 International 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, with which noncompliance 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 28, 2011

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APPENDIX F

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM FINANCIAL STATEMENTS
FOR FISCAL YEAR 2009-10

Florida International University
Housing System
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

The Management's Discussion and Analysis introduces the Florida International University's Housing System Annual Financial Statements and provides an analytical overview of the University's Housing System financial activities during the fiscal year ended June 30, 2010. Management has prepared the financial statements and the related note disclosures along with the management's discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University. The management's discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, and should be read in conjunction with the accompanying financial statements and notes thereto. The Governmental Accounting Standards Board (GASB) is the University's reporting authority.

The University's basic financial statements are comprised of the following:

1. Management's discussion and analysis (MD&A)
2. Basic financial statements which include:
    a. Statement of Net Assets
    b. Statement of Revenues, Expenses
    c. Statement of Cash Flows
3. Notes to the Financial Statements

The purpose of the Statement of Net Assets is to report all financial and capital resources of the Housing System at the end of the fiscal year. The assets and liabilities are shown in order of their relative liquidity. An asset's liquidity is determined by how readily it is expected to be converted to cash and whether restrictions limit the institution's ability to use the resources. A liability's liquidity is based on its maturity, or when cash is expected to be used to liquidate it. The difference between the assets and liabilities is shown as net assets.

The Statement of Revenues, Expenses, and Changes in Net Assets is the operating statement of the Housing System and as such, reports all revenues and expenses for the fiscal year. Revenues are reported by major sources and are reported gross with related discounts and allowances reported separately. The statement distinguishes between operating and nonoperating revenues. Nonoperating revenues and expenses are reported after operating income. Special and extraordinary items and transfers are reported separately, after nonoperating revenues and expenses.

The purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of the Housing System during the fiscal year. The Statement of Cash Flows reports the cash effects during the fiscal year of an institution's operations, its noncapital financing transactions, its capital and related financing transactions, and its investing transactions.

Financial Highlights

Assets totaled $104.7 million at June 30, 2010. This amount is reported net of accumulated depreciation of $25.2 million. Total assets decreased by $1.5 million or 1.4 percent. Noncurrent assets decreased by $4.3 million, which is primarily attributable to current year depreciation of capital assets in the amount of $3.0 million; this is offset by an increase of $2.8 million in current assets, which relates to a $2.9 million increase in investments.

Liabilities totaled $77.0 million at June 30, 2010, compared to $80.7 million at June 30, 2009. The decrease of 4.5 percent is attributed to the principal payments made for bond and capital lease liabilities.

The Housing System's total net assets balance of $27.7 million at the end of the year represents an 8.5 percent increase from the beginning total net assets balance of $25.5 million. Total net assets consisted of $3.8 million restricted expendable for capital projects, $14.7 million unrestricted and $9.2 million in capital assets, net of related debt.

The operations of the housing facilities depends primarily on revenues collected from room rentals, interest income, conference fees, concession revenues (laundry and vending activity), and processing fees that provide additional income to the auxiliary. Net revenues of the Housing System are the primary source of pledged revenues for the outstanding 1998, 2000 and 2004A Series Bonds. The Housing system met revenue goals and maintained operating costs within budget. In fiscal year 2009-10, operating revenues totaled $23.2 million, reflecting a 1.4 percent increase over fiscal year 2008-09. This increase of approximately $.3 million is due to an average 3.0 percent increase in rental rates effective Fall 2010 semester, and a 3.0 percent increase in the meal plan rates.

The Housing System collection rate approximates 99.98 percent for fiscal year 2009-10. Rental rates increased at a rate of 3.0 percent for fiscal year 2009-10. Occupancy rates during fiscal year 2009-10 were 92.0 percent of capacity, a decrease of 3.0 percent occupancy rate from 2008-09.

Operating expenses include costs associated with salaries, utilities, daily maintenance functions, administration, supplies, and outsourced contractual services. Operating expenses related to the existing housing facilities remained fairly consistent at $15.9 million during fiscal year 2009-10.

Nonoperating revenues and expense reported during fiscal year 2009-10 consist of investment income, interest expense and adjustments to the fair market value of investments. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset related debt, realized investment income and adjustments to the fair market value of investments.

The Housing system is committed to improve student life on campus by increasing housing facilities and upgrading existing facilities to meet student needs.

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,072,789	$ 334,491
Investments	15,113,463	12,214,763
Accounts Receivable	1,664,298	1,690,367
Allowance for Uncollectibles	(909,340)	(174,682)
Other Current Assets and Deferred Charges	27,041	108,162
TOTAL CURRENT ASSETS	**16,968,251**	**14,173,101**
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	1,791,876	2,248,383
Restricted Investments	-	477,905
Furniture and Equipment	823,914	789,384
Property Under Capital Lease	869,746	869,746
Buildings	108,875,122	109,275,122
Accumulated Depreciation	(25,241,500)	(22,227,639)
Other Assets and Deferred Charges	608,414	554,333
TOTAL NONCURRENT ASSETS	**87,727,572**	**91,987,234**
TOTAL ASSETS	**$ 104,695,823**	**$ 106,160,335**
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 175,185	$ 174,248
Accrued Salaries and Wages	119,388	81,949
Deposits Payable	58,726	66,526
Deferred Revenues	756,388	516,144
Capital Lease Liability-Current	185,525	178,674
Compensated Absences Liability-Current	17,705	114,507
Capital Improvement Debt Payable - Current	3,831,900	3,635,853
TOTAL CURRENT LIABILITIES	**5,144,817**	**4,767,901**
NONCURRENT LIABILITIES		
Capital Lease Liability-Non Current	-	185,525
Compensated Absences Liability-Non Current	231,149	221,092
Capital Improvement Debt Payable - Non-current , Net of Discount	71,658,338	75,490,238
TOTAL NONCURRENT LIABILITIES	**71,889,487**	**75,896,855**
TOTAL LIABILITIES	**77,034,304**	**80,664,756**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	9,149,790	8,738,992
Restricted - Expendable	3,848,392	4,799,108
Unrestricted	14,663,337	11,957,479
TOTAL NET ASSETS	**27,661,519**	**25,495,579**
TOTAL LIABILITIES AND NET ASSETS	**$ 104,695,823**	**$ 106,160,335**

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

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES FROM RENTAL INCOME	**$ 23,188,374**	**$ 22,865,946**
OPERATING EXPENSES		
Personnel Services	4,237,266	3,948,091
Contractual Services	6,759,518	6,573,454
Depreciation Expense	3,013,861	3,065,008
Other Operating Expenses	1,899,705	2,146,378
TOTAL OPERATING EXPENSES	**15,910,350**	**15,732,931**
OPERATING INCOME	**7,278,024**	**7,133,015**
NONOPERATING REVENUES (EXPENSES)		
Interest on Asset Related Debt	(3,499,530)	(3,690,069)
Net Investment Income	329,312	(213,585)
Other Non Operating Revenues (Expenses)	(27,041)	(27,041)
TOTAL NONOPERATING REVENUES (EXPENSES)	**(3,197,259)**	**(3,930,695)**
INCOME BEFORE NET TRANSFERS	**4,080,765**	**3,202,320**
Transfers In (Out)	(1,514,825)	(600,793)
CHANGE IN NET ASSETS	**2,565,940**	**2,601,527**
Net Assets - Beginning of Year	25,495,579	22,894,052
Adjustment to Beginning Net Assets	(400,000)	-
TOTAL NET ASSETS - BEGINNING - RESTATED	**25,095,579**	**22,894,052**
TOTAL NET ASSETS - ENDING	**$ 27,661,519**	**$ 25,495,579**

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

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Sales and Services of Auxiliary Enterprises	$ 23,417,780	$ 22,628,571
Other Operating Receipts	763,766	(478,280)
Payments to Employees	(4,286,571)	(3,943,621)
Payment to Suppliers	(8,658,287)	(8,690,829)
Net Cash Provided by Operating Activities	**11,236,688**	**9,515,841**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase or Construction of Capital Assets	(179,965)	(302,757)
Internal Activity - Transfers In (Out)	(1,369,391)	(535,412)
Principal Paid on Capital Debt and Lease	(3,608,674)	(3,447,077)
Interest on Asset Related Debt	(3,705,383)	(3,872,100)
Net Cash Used by Financing Activities	**(8,863,413)**	**(8,157,346)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Change in Investments	(2,100,000)	(1,354,023)
Investment Income	8,516	63,995
Net Cash Used by Investing Activities	**(2,091,484)**	**(1,290,028)**
Net Change in Cash and Cash Equivalents	**281,791**	**68,467**
Cash and Cash Equivalents - Beginning of Year	**2,582,874**	**2,514,407**
Cash and Cash Equivalents - End of Year	**$ 2,864,665**	**$ 2,582,874**

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

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 Board of Governors, or the Trustees if designated by the Board of Governors, selects the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the 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.

Basis of Presentation. The University's accounting policies conform with generally accepted accounting principles 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. 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 entity wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to Financial Statements

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.

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 (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on asset-related debt is a nonoperating expense.

Cash and Cash Equivalents. Cash and cash equivalents consists primarily 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 buildings, infrastructure and other improvements, furniture and equipment, and property under capital leases. These assets are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $1,000 for all tangible personal property and $50,000 for buildings and other improvements. Depreciation is computed on a straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 Years
- Infrastructure and Other Improvements – 15 Years
- Furniture and Equipment – 3 to 20 years
- Property under Capital Leases – 5 years

2. INVESTMENTS

The investments for the Housing System are reported at the market value of $15,113,463.

Generally accepted accounting principles require the classification of credit risk of investments into the following three categories:

- Risk Category 1 – Insured or registered, or securities held by the entity or its agent in the entity's name.
- Risk Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Risk Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

The University participates in investment pools through the State Treasury and the State Board of Administration in accordance with the provisions of Sections 17.61 and 215.49, Florida Statutes. Investments totaled $15,113,463 as of June 30, 2010. University investments in the investment pools managed by the State Treasury and the State Board of Administration cannot be categorized because the University's investments are not evidenced by specific, identifiable investment securities. The State Treasury Investment Pool is rated by Standard and Poors. The current rating is Af. The effective duration of the State Treasury Investment Pool is 1.81 years as of June 30, 2010. Additional disclosures on the State Treasury Investment Pool can be found in notes to the State of Florida Comprehensive Annual Financial Report.

3. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for student fee deferments, various student services provided by the University, various auxiliary services provided to students and third parties, and grant reimbursements due from third parties. The amount of accounts receivable as of June 30, 2010 is reported at $1,664,298.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and any other factors considered appropriate. The amount of allowance for doubtful accounts receivables as of June 30, 2010 is reported at $909,340.

4. LONG-TERM LIABILITIES

Capital Improvement Debt Payable. The University issued, through the Division of Bond Finance, capital improvement debt payable totaling $95,045,000 from the 1998, 2000 and 2004A series amounting to $26,525,000, $14,605,000 and $53,915,000, respectively. The proceeds were used to finance the construction of dormitories on the Modesto A. Maidique campus. The capital improvement debt payable is secured by the revenues of the housing system at the University, and may additionally be secured by other revenues that are determined to be necessary and legally available. Proceeds of the capital improvement debt payable and other legally available monies shall be used for the project.

The State Board of Administration administers the principal and interest payments, investment of sinking fund resources and compliance with reserve requirements. Capital improvement debt payable at June 30, 2010 was as follows:

Capital Improvement Debt Payable Type and Series	Amount of Original Issue	Amount Outstanding	Interest Rates (Percent)	Maturity Date
1998	$ 26,525,000	$ 20,628,248	4.30 - 4.75	2028
2000	14,605,000	11,121,805	4.75 - 5.75	2025
2004-A	53,915,000	43,740,186	4.00 - 5.00	2034
Total	$ 95,045,000	$ 75,490,239		

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

Fiscal Year Ending June 30	Principal	Interest	Total
2011	$ 3,600,000	$ 3,529,454	$ 7,129,454
2012	3,765,000	3,356,096	7,121,096
2013	3,950,000	3,173,285	7,123,285
2014	4,145,000	2,975,698	7,120,698
2015	4,360,000	2,767,465	7,127,465
2016-2020	16,245,000	11,072,657	27,317,657
2021-2025	17,945,000	7,312,919	25,257,919
2026-2030	12,935,000	3,362,400	16,297,400
2031-2034	7,965,000	915,975	8,880,975
Subtotal	74,910,000	38,465,949	113,375,949
Plus, Unamortized Premium	1,141,531	-	1,141,531
Less, Unamortized Discount	561,292	-	561,292
Total	$ 75,490,239	$ 38,465,949	$ 113,956,188

5. COMPENSATED ABSENCE LIABILITY

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Board of Governors Regulation 6C-5.920 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 annual and sick leave, which includes the University’s share of the Florida Retirement System and FICA contributions, is $248,854. The current compensated absences liability is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

ATTACHMENT

Fall Semester Occupancy statistics

Year	Total Housing Capacity	Total Occupancy	Occupancy as % of Capacity	Total Enrollment	Total Full-Time Students	% of Full Time Students Residing
2008	2,910	2,760	95%	39,970	23,090	12%
2009	2,904**	2,662	92%	40,455*	24,073*	11%
2010	2922***	2,829	97%	42,628****	26,434****	11%

* Enrollment for Fall 2009 was changed from 39,717 to 40,455 since the number reported last year was preliminary, and final number is from FIU's Office of Planning & Institutional Research. Total Full-Time Students for Fall 2009 was changed from 23,852 to 24,073 since the number reported last year was preliminary and the final number was obtained from the Office of Planning & Institutional Research.

** To meet demand for single occupancy rooms, additional two bedroom double occupancy (quad) rooms for medical graduate students were converted to two bedroom single occupancy rooms and single occupancy rooms continued to be offered in Panther Hall.

*** To meet demand for on-campus housing, some single occupancy rooms in Panther Hall were converted to double occupancy.

**** 2010 Enrollment number & FTEs are preliminary. The final number will be obtained at the end of January 2011.

Housing System Collection Rate

Term	Collection Rate %
Fall 2009	99.98%
Spring 2010	99.98%

The collection rates are based on the last non-paid list printed for each semester and checking Accounts Receivable for payments.

On-Campus Rental Rates
Schedule of Semester Rental Rates
(Per Student)

Description	2008-09		2009-10		2010-2011	
Panther Hall						
Two Bedroom Double-Occupancy	$3,962	*	$4,110	*	$4,233	*
Two Bedroom Single-Occupancy	$6,350	*	$6,570	*	$6,767	*
Bay Vista Housing						
One Bedroom-Single Occupancy	$4,158		$4,282		$4,282	
Two bedroom-Single Occupancy	$3,266		$3,364		$3,364	
Efficiency Single	$3,428		$3,530		$3,530	
Studio	$3,188		$3,284		$3,284	
One Bedroom-Single Occupancy Shared Bath	$3,694		$3,804		$3,804	
University Park Apartments						
Two Bedroom Double-Occupancy (Quad)	$2,316		$2,386		$2,458	
Two Bedroom B Single-Occupancy	$3,086		$3,178		$3,272	
Efficiency Single	$3,724		$3,836		$3,950	
Studio	$3,608		$3,716		$3,828	
Two Bedroom B Double-Occupancy	$2,146		$2,210		$2,276	
One Bedroom Double-Occupancy	$2,688		$2,768		$2,850	
Two Bedroom Single-Occupancy	$3,890		$4,006		$4,126	
Four Bedroom Single-Occupancy	$3,610		$3,718		$3,830	
University Park Towers						
Four Bedroom Single-Occupancy	$3,610		$3,718		$3,830	
Two Bedroom Single-Occupancy	$3,890		$4,006		$4,126	
Studio	$3,608		$3,716		$3,828	
Everglades Hall						
Three Bedroom Single-Occupancy	$3,398		$3,500		$3,605	
Lakeview Hall						
Two Bedroom Double-Occupancy	$4,222	*	$4,378	*	$4,509	*
Four Bedroom Single-Occupancy	$4,830	*	$4,906	*	$5,053	*

* Price includes meal plan & pantherbucks.

Florida International University
Housing System
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2010

The Management's Discussion and Analysis introduces the Florida International University's Housing System Annual Financial Statements and provides an analytical overview of the University's Housing System financial activities during the fiscal year ended June 30, 2010. Management has prepared the financial statements and the related note disclosures along with the management's discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University. The management's discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, and should be read in conjunction with the accompanying financial statements and notes thereto. The Governmental Accounting Standards Board (GASB) is the University's reporting authority.

The University's basic financial statements are comprised of the following:

1. Management's discussion and analysis (MD&A)
2. Basic financial statements which include:
    a. Statement of Net Assets
    b. Statement of Revenues, Expenses
    c. Statement of Cash Flows
3. Notes to the Financial Statements

The purpose of the Statement of Net Assets is to report all financial and capital resources of the Housing System at the end of the fiscal year. The assets and liabilities are shown in order of their relative liquidity. An asset's liquidity is determined by how readily it is expected to be converted to cash and whether restrictions limit the institution's ability to use the resources. A liability's liquidity is based on its maturity, or when cash is expected to be used to liquidate it. The difference between the assets and liabilities is shown as net assets.

The Statement of Revenues, Expenses, and Changes in Net Assets is the operating statement of the Housing System and as such, reports all revenues and expenses for the fiscal year. Revenues are reported by major sources and are reported gross with related discounts and allowances reported separately. The statement distinguishes between operating and nonoperating revenues. Nonoperating revenues and expenses are reported after operating income. Special and extraordinary items and transfers are reported separately, after nonoperating revenues and expenses.

The purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of the Housing System during the fiscal year. The Statement of Cash Flows reports the cash effects during the fiscal year of an institution's operations, its noncapital financing transactions, its capital and related financing transactions, and its investing transactions.

Financial Highlights

Assets totaled $104.7 million at June 30, 2010. This amount is reported net of accumulated depreciation of $25.2 million. Total assets decreased by $1.5 million or 1.4 percent. Noncurrent assets decreased by $4.3 million, which is primarily attributable to current year depreciation of capital assets in the amount of $3.0 million; this is offset by an increase of $2.8 million in current assets, which relates to a $2.9 million increase in investments.

Liabilities totaled $77.0 million at June 30, 2010, compared to $80.7 million at June 30, 2009. The decrease of 4.5 percent is attributed to the principal payments made for bond and capital lease liabilities.

The Housing System's total net assets balance of $27.7 million at the end of the year represents an 8.5 percent increase from the beginning total net assets balance of $25.5 million. Total net assets consisted of $3.8 million restricted expendable for capital projects, $14.7 million unrestricted and $9.2 million in capital assets, net of related debt.

The operations of the housing facilities depends primarily on revenues collected from room rentals, interest income, conference fees, concession revenues (laundry and vending activity), and processing fees that provide additional income to the auxiliary. Net revenues of the Housing System are the primary source of pledged revenues for the outstanding 1998, 2000 and 2004A Series Bonds. The Housing system met revenue goals and maintained operating costs within budget. In fiscal year 2009-10, operating revenues totaled $23.2 million, reflecting a 1.4 percent increase over fiscal year 2008-09. This increase of approximately $.3 million is due to an average 3.0 percent increase in rental rates effective Fall 2010 semester, and a 3.0 percent increase in the meal plan rates.

The Housing System collection rate approximates 99.98 percent for fiscal year 2009-10. Rental rates increased at a rate of 3.0 percent for fiscal year 2009-10. Occupancy rates during fiscal year 2009-10 were 92.0 percent of capacity, a decrease of 3.0 percent occupancy rate from 2008-09.

Operating expenses include costs associated with salaries, utilities, daily maintenance functions, administration, supplies, and outsourced contractual services. Operating expenses related to the existing housing facilities remained fairly consistent at $15.9 million during fiscal year 2009-10.

Nonoperating revenues and expense reported during fiscal year 2009-10 consist of investment income, interest expense and adjustments to the fair market value of investments. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset related debt, realized investment income and adjustments to the fair market value of investments.

The Housing system is committed to improve student life on campus by increasing housing facilities and upgrading existing facilities to meet student needs.

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,072,789	$ 334,491
Investments	15,113,463	12,214,763
Accounts Receivable	1,664,298	1,690,367
Allowance for Uncollectibles	(909,340)	(174,682)
Other Current Assets and Deferred Charges	27,041	108,162
TOTAL CURRENT ASSETS	**16,968,251**	**14,173,101**
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	1,791,876	2,248,383
Restricted Investments	-	477,905
Furniture and Equipment	823,914	789,384
Property Under Capital Lease	869,746	869,746
Buildings	108,875,122	109,275,122
Accumulated Depreciation	(25,241,500)	(22,227,639)
Other Assets and Deferred Charges	608,414	554,333
TOTAL NONCURRENT ASSETS	**87,727,572**	**91,987,234**
TOTAL ASSETS	**$ 104,695,823**	**$ 106,160,335**
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 175,185	$ 174,248
Accrued Salaries and Wages	119,388	81,949
Deposits Payable	58,726	66,526
Deferred Revenues	756,388	516,144
Capital Lease Liability-Current	185,525	178,674
Compensated Absences Liability-Current	17,705	114,507
Capital Improvement Debt Payable - Current	3,831,900	3,635,853
TOTAL CURRENT LIABILITIES	**5,144,817**	**4,767,901**
NONCURRENT LIABILITIES		
Capital Lease Liability-Non Current	-	185,525
Compensated Absences Liability-Non Current	231,149	221,092
Capital Improvement Debt Payable - Non-current , Net of Discount	71,658,338	75,490,238
TOTAL NONCURRENT LIABILITIES	**71,889,487**	**75,896,855**
TOTAL LIABILITIES	**77,034,304**	**80,664,756**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	9,149,790	8,738,992
Restricted - Expendable	3,848,392	4,799,108
Unrestricted	14,663,337	11,957,479
TOTAL NET ASSETS	**27,661,519**	**25,495,579**
TOTAL LIABILITIES AND NET ASSETS	**$ 104,695,823**	**$ 106,160,335**

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

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES FROM RENTAL INCOME	**$ 23,188,374**	**$ 22,865,946**
OPERATING EXPENSES		
Personnel Services	4,237,266	3,948,091
Contractual Services	6,759,518	6,573,454
Depreciation Expense	3,013,861	3,065,008
Other Operating Expenses	1,899,705	2,146,378
TOTAL OPERATING EXPENSES	**15,910,350**	**15,732,931**
OPERATING INCOME	**7,278,024**	**7,133,015**
NONOPERATING REVENUES (EXPENSES)		
Interest on Asset Related Debt	(3,499,530)	(3,690,069)
Net Investment Income	329,312	(213,585)
Other Non Operating Revenues (Expenses)	(27,041)	(27,041)
TOTAL NONOPERATING REVENUES (EXPENSES)	**(3,197,259)**	**(3,930,695)**
INCOME BEFORE NET TRANSFERS	**4,080,765**	**3,202,320**
Transfers In (Out)	(1,514,825)	(600,793)
CHANGE IN NET ASSETS	**2,565,940**	**2,601,527**
Net Assets - Beginning of Year	25,495,579	22,894,052
Adjustment to Beginning Net Assets	(400,000)	-
TOTAL NET ASSETS - BEGINNING - RESTATED	**25,095,579**	**22,894,052**
TOTAL NET ASSETS - ENDING	**$ 27,661,519**	**$ 25,495,579**

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

FLORIDA INTERNATIONAL UNIVERSITY
HOUSING SYSTEM
STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Sales and Services of Auxiliary Enterprises	$ 23,417,780	$ 22,628,571
Other Operating Receipts	763,766	(478,280)
Payments to Employees	(4,286,571)	(3,943,621)
Payment to Suppliers	(8,658,287)	(8,690,829)
Net Cash Provided by Operating Activities	**11,236,688**	**9,515,841**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase or Construction of Capital Assets	(179,965)	(302,757)
Internal Activity - Transfers In (Out)	(1,369,391)	(535,412)
Principal Paid on Capital Debt and Lease	(3,608,674)	(3,447,077)
Interest on Asset Related Debt	(3,705,383)	(3,872,100)
Net Cash Used by Financing Activities	**(8,863,413)**	**(8,157,346)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Change in Investments	(2,100,000)	(1,354,023)
Investment Income	8,516	63,995
Net Cash Used by Investing Activities	**(2,091,484)**	**(1,290,028)**
Net Change in Cash and Cash Equivalents	**281,791**	**68,467**
Cash and Cash Equivalents - Beginning of Year	**2,582,874**	**2,514,407**
Cash and Cash Equivalents - End of Year	**$ 2,864,665**	**$ 2,582,874**

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

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 Board of Governors, or the Trustees if designated by the Board of Governors, selects the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the 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.

Basis of Presentation. The University's accounting policies conform with generally accepted accounting principles 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. 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 entity wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- Notes to Financial Statements

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.

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 (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on asset-related debt is a nonoperating expense.

Cash and Cash Equivalents. Cash and cash equivalents consists primarily 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 buildings, infrastructure and other improvements, furniture and equipment, and property under capital leases. These assets are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of $1,000 for all tangible personal property and $50,000 for buildings and other improvements. Depreciation is computed on a straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 Years
- Infrastructure and Other Improvements – 15 Years
- Furniture and Equipment – 3 to 20 years
- Property under Capital Leases – 5 years

2. INVESTMENTS

The investments for the Housing System are reported at the market value of $15,113,463.

Generally accepted accounting principles require the classification of credit risk of investments into the following three categories:

- Risk Category 1 – Insured or registered, or securities held by the entity or its agent in the entity's name.
- Risk Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Risk Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

The University participates in investment pools through the State Treasury and the State Board of Administration in accordance with the provisions of Sections 17.61 and 215.49, Florida Statutes. Investments totaled $15,113,463 as of June 30, 2010. University investments in the investment pools managed by the State Treasury and the State Board of Administration cannot be categorized because the University's investments are not evidenced by specific, identifiable investment securities. The State Treasury Investment Pool is rated by Standard and Poors. The current rating is Af. The effective duration of the State Treasury Investment Pool is 1.81 years as of June 30, 2010. Additional disclosures on the State Treasury Investment Pool can be found in notes to the State of Florida Comprehensive Annual Financial Report.

3. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for student fee deferments, various student services provided by the University, various auxiliary services provided to students and third parties, and grant reimbursements due from third parties. The amount of accounts receivable as of June 30, 2010 is reported at $1,664,298.

Allowance for Uncollectible Receivables. Allowances for uncollectible accounts are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and any other factors considered appropriate. The amount of allowance for doubtful accounts receivables as of June 30, 2010 is reported at $909,340.

4. LONG-TERM LIABILITIES

Capital Improvement Debt Payable. The University issued, through the Division of Bond Finance, capital improvement debt payable totaling $95,045,000 from the 1998, 2000 and 2004A series amounting to $26,525,000, $14,605,000 and $53,915,000, respectively. The proceeds were used to finance the construction of dormitories on the Modesto A. Maidique campus. The capital improvement debt payable is secured by the revenues of the housing system at the University, and may additionally be secured by other revenues that are determined to be necessary and legally available. Proceeds of the capital improvement debt payable and other legally available monies shall be used for the project.

The State Board of Administration administers the principal and interest payments, investment of sinking fund resources and compliance with reserve requirements. Capital improvement debt payable at June 30, 2010 was as follows:

Capital Improvement Debt Payable Type and Series	Amount of Original Issue	Amount Outstanding	Interest Rates (Percent)	Maturity Date
1998	$ 26,525,000	$ 20,628,248	4.30 - 4.75	2028
2000	14,605,000	11,121,805	4.75 - 5.75	2025
2004-A	53,915,000	43,740,186	4.00 - 5.00	2034
Total	$ 95,045,000	$ 75,490,239		

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

Fiscal Year Ending June 30	**Principal**	**Interest**	**Total**
2011	$ 3,600,000	$ 3,529,454	$ 7,129,454
2012	3,765,000	3,356,096	7,121,096
2013	3,950,000	3,173,285	7,123,285
2014	4,145,000	2,975,698	7,120,698
2015	4,360,000	2,767,465	7,127,465
2016-2020	16,245,000	11,072,657	27,317,657
2021-2025	17,945,000	7,312,919	25,257,919
2026-2030	12,935,000	3,362,400	16,297,400
2031-2034	7,965,000	915,975	8,880,975
Subtotal	74,910,000	38,465,949	113,375,949
Plus, Unamortized Premium	1,141,531	-	1,141,531
Less, Unamortized Discount	561,292	-	561,292
Total	$ 75,490,239	$ 38,465,949	$ 113,956,188

5. COMPENSATED ABSENCE LIABILITY

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Board of Governors Regulation 6C-5.920 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 annual and sick leave, which includes the University's share of the Florida Retirement System and FICA contributions, is $248,854. The current compensated absences liability is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

ATTACHMENT

Fall Semester Occupancy statistics

Year	Total Housing Capacity	Total Occupancy	Occupancy as % of Capacity	Total Enrollment	Total Full-Time Students	% of Full Time Students Residing
2008	2,910	2,760	95%	39,970	23,090	12%
2009	2,904**	2,662	92%	40,455*	24,073*	11%
2010	2922***	2,829	97%	42,628****	26,434****	11%

* Enrollment for Fall 2009 was changed from 39,717 to 40,455 since the number reported last year was preliminary, and final number is from FIU's Office of Planning & Institutional Research. Total Full-Time Students for Fall 2009 was changed from 23,852 to 24,073 since the number reported last year was preliminary and the final number was obtained from the Office of Planning & Institutional Research.

** To meet demand for single occupancy rooms, additional two bedroom double occupancy (quad) rooms for medical graduate students were converted to two bedroom single occupancy rooms and single occupancy rooms continued to be offered in Panther Hall.

*** To meet demand for on-campus housing, some single occupancy rooms in Panther Hall were converted to double occupancy.

**** 2010 Enrollment number & FTEs are preliminary. The final number will be obtained at the end of January 2011.

Housing System Collection Rate

Term	Collection Rate %
Fall 2009	99.98%
Spring 2010	99.98%

The collection rates are based on the last non-paid list printed for each semester and checking Accounts Receivable for payments.

On-Campus Rental Rates
Schedule of Semester Rental Rates
(Per Student)

Description	2008-09		2009-10		2010-2011	
Panther Hall						
Two Bedroom Double-Occupancy	$3,962	*	$4,110	*	$4,233	*
Two Bedroom Single-Occupancy	$6,350	*	$6,570	*	$6,767	*
Bay Vista Housing						
One Bedroom-Single Occupancy	$4,158		$4,282		$4,282	
Two bedroom-Single Occupancy	$3,266		$3,364		$3,364	
Efficiency Single	$3,428		$3,530		$3,530	
Studio	$3,188		$3,284		$3,284	
One Bedroom-Single Occupancy Shared Bath	$3,694		$3,804		$3,804	
University Park Apartments						
Two Bedroom Double-Occupancy (Quad)	$2,316		$2,386		$2,458	
Two Bedroom B Single-Occupancy	$3,086		$3,178		$3,272	
Efficiency Single	$3,724		$3,836		$3,950	
Studio	$3,608		$3,716		$3,828	
Two Bedroom B Double-Occupancy	$2,146		$2,210		$2,276	
One Bedroom Double-Occupancy	$2,688		$2,768		$2,850	
Two Bedroom Single-Occupancy	$3,890		$4,006		$4,126	
Four Bedroom Single-Occupancy	$3,610		$3,718		$3,830	
University Park Towers						
Four Bedroom Single-Occupancy	$3,610		$3,718		$3,830	
Two Bedroom Single-Occupancy	$3,890		$4,006		$4,126	
Studio	$3,608		$3,716		$3,828	
Everglades Hall						
Three Bedroom Single-Occupancy	$3,398		$3,500		$3,605	
Lakeview Hall						
Two Bedroom Double-Occupancy	$4,222	*	$4,378	*	$4,509	*
Four Bedroom Single-Occupancy	$4,830	*	$4,906	*	$5,053	*

* Price includes meal plan & pantherbucks.

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Board of Governors (the "Board"), Florida International 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 International 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 and sale of the Bonds (the "Resolution"). 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 and the Original Resolution adopted by the Governing Board of the Division on June 9, 1998, as amended and supplemented on September 23, 1998, 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 other information as may be required, from time to time, to be provided by the Rule or the Division. The Division will be responsible for the filing of the information required by the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2011 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

(a) Housing System Occupancy Statistics;
(b) Housing System Rental Rates;
(c) Housing System Collection Rates;
(d) Housing System Financial Statements
(Summary of Revenues and Expenditures and Balance Sheet Summary);
(e) Debt Service Coverage;
(f) Investment of Funds; and
(g) University Financial Statements
(h) Litigation.

(2) Audited Financial Statements. If not submitted as part of the annual financial information, a copy of the University's audited financial statements, prepared in accordance with generally accepted accounting principles, will be provided when and if available.

(3) Material Events Notices. Notice of the following events relating to the Bonds will be provided in a timely manner not in excess of ten business days after the occurrence of the event:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt-service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(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 or the University to provide the information required by paragraphs (A) (1) or (A)(2) of this Section will be provided in a timely manner.

(b) The Board and the University acknowledge that their undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Registered Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Registered Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Resolution and shall be limited to a right to obtain specific enforcement of the Board's and the University's obligations hereunder.

(B) Methods of Providing Information.

(1) (a) Annual financial information and operating data described in paragraph 3(A)(1) and the audited financial statements described in paragraph 3(A)(2) shall be transmitted to the Municipal Securities Rulemaking Board (hereafter "MSRB") using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Material event notices described in paragraph 3(A)(3) and notices described in paragraph 3(A)(4) shall also be transmitted to the MSRB using EMMA or by such other method as may be subsequently determined by the MSRB.

(2) (a) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated agent.

(b) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(C) If this Disclosure Agreement is amended to change the operating data or financial information to be disclosed, the annual financial information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) The Board and the University's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Board and the University shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

(1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;

(2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

(3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(4) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Board or the University chooses to include additional information not specifically required by this Disclosure Agreement, neither the Board nor the University shall have any obligation under this Disclosure Agreement to update such information or include it in any such future submission.

Dated this ____ day of _______________, 2011.

Florida Board of Governors

By___________________________
Chair

Division of Bond Finance

By ___________________________
Assistant Secretary

Florida International University

By______________________
President

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APPENDIX H

[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 INTERNATIONAL UNIVERSITY
DORMITORY REVENUE REFUNDING BONDS, SERIES 2011A
Dated _______________
(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 International University Housing Facility Revenue Bonds, Series 1998 and the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000 (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) 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 June 9, 1998, as amended on September 23, 1998 and as amended and supplemented on September 20, 2011 (collectively, the "Resolution"), and a resolution of the Board adopted on May 27, 2004.

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.

APPENDIX I

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DIVISION OF BOND FINANCE BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION OF BOND FINANCE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the 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 of Bond Finance as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 of Bond Finance, or the Board of Governors, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the 2011A Bonds at any time by giving reasonable notice to the Division of Bond Finance or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division of Bond Finance may decide to discontinue use of the system of book-entry transfers for the 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 of Bond Finance, the Board of Governors and the Bond Registrar/Paying Agent will not have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the 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 of Bond Finance, the Board of Governors and the Bond Registrar/Paying Agent may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the 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 of Bond Finance, the Board of Governors 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 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 of Bond Finance nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the 2011A Bonds. However, the Division of Bond Finance and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses must be paid before any such new 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.

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