State of Florida
Division of Bond Finance

Notice

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Refunding Issue Book-Entry Only

This Official Statement has been prepared by the Division of Bond Finance to provide information about the 2019A Bonds. Selected information is presented on this cover page for the convenience of the reader. ***To make an informed decision, a prospective investor should read this Official Statement in its entirety.*** Unless otherwise indicated, capitalized terms have the meanings given in Appendix A.

$19,805,000
STATE OF FLORIDA
Board of Governors
Florida International University
Parking Facility Revenue Refunding Bonds
Series 2019A

FLORIDA INTERNATIONAL UNIVERSITY

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

Bond Ratings	Aa3 (stable outlook) - Moody's Investors Service AA- (stable outlook) - S&P Global Ratings A+ (stable outlook) - Fitch Ratings
Tax Status	In the opinion of Bond Counsel, assuming compliance by the Board of Governors with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the 2019A Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. The 2019A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" herein for a description of other tax consequences to owners of the 2019A Bonds.
Redemption	The 2019A Bonds maturing on and after July 1, 2030, are subject to optional redemption as provided herein.
Security	The 2019A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the Parking System Revenues after deducting the Administrative Expenses, the Current Expenses and the Rebate Amount, if any. **The 2019A Bonds are not secured by the full faith and credit of the State of Florida or the University.** See "SECURITY FOR THE 2019A BONDS" herein for more complete information.
Lien Priority	The lien of the 2019A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the lien on the Outstanding Bonds and any Additional Parity Bonds. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2019A Bonds will be $54,305,000.
Additional Bonds	Additional Parity Bonds payable on a parity with the 2019A Bonds and the Outstanding Bonds may be issued if the average Pledged Revenues for the two immediately preceding fiscal years, as adjusted, are at least 120% of the Maximum Annual Debt Service. This description of the requirements for the issuance of Additional Parity Bonds is only a summary of the complete requirements. See "SECURITY FOR THE 2019A BONDS – Additional Parity Bonds" herein for more complete information.
Purpose	Proceeds will be used to refund the Outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy), and to pay costs of issuance.
Interest Payment Dates	January 1 and July 1, commencing January 1, 2020.
Record Dates	December 15 and June 15.
Form/ Denomination	The 2019A 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 2019A Bonds will not receive physical delivery of the 2019A Bonds.
Closing/ Settlement	It is anticipated that the 2019A Bonds will be available for delivery through the facilities of DTC in New York, New York on July 2, 2019.
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 2019A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

May 21, 2019

MATURITY STRUCTURE

Initial CUSIP©	Due Date	Principal Amount	Interest Rate	Price or Yield*	First Optional Redemption Date and Price
34157PCN2	July 1, 2020	$615,000	5.00%	1.48%	-
34157PCP7	July 1, 2021	645,000	5.00	1.50	-
34157PCQ5	July 1, 2022	680,000	5.00	1.52	-
34157PCR3	July 1, 2023	715,000	5.00	1.55	-
34157PCS1	July 1, 2024	750,000	5.00	1.57	-
34157PCT9	July 1, 2025	785,000	5.00	1.61	-
34157PCU6	July 1, 2026	825,000	5.00	1.66	-
34157PCV4	July 1, 2027	870,000	5.00	1.73	-
34157PCW2	July 1, 2028	910,000	5.00	1.80	-
34157PCX0	July 1, 2029	955,000	5.00	1.89	-
34157PCY8	July 1, 2030**	1,005,000	4.00	2.05	July 1, 2029 @ 100%
34157PCZ5	July 1, 2031**	1,045,000	4.00	2.16	July 1, 2029 @ 100
34157PDA9	July 1, 2032**	1,085,000	4.00	2.28	July 1, 2029 @ 100
34157PDB7	July 1, 2033**	1,130,000	4.00	2.39	July 1, 2029 @ 100
34157PDC5	July 1, 2034**	1,175,000	4.00	2.54	July 1, 2029 @ 100
34157PDD3	July 1, 2035**	1,220,000	4.00	2.63	July 1, 2029 @ 100
34157PDE1	July 1, 2036**	1,270,000	4.00	2.72	July 1, 2029 @ 100
34157PDF8	July 1, 2037**	1,320,000	4.00	2.76	July 1, 2029 @ 100
34157PDG6	July 1, 2038**	1,375,000	4.00	2.80	July 1, 2029 @ 100
34157PDH4	July 1, 2039**	1,430,000	4.00	2.84	July 1, 2029 @ 100

* Price and yield information provided by the underwriter.

** The yields on these maturities are calculated to a 100% call on July 1, 2029.

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 but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the State of Florida. 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 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

STATE OFFICIALS

BOARD OF GOVERNORS

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VICE CHAIR
SYDNEY KITSON

GOVERNING BOARD OF THE DIVISION OF BOND FINANCE

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J. BEN WATKINS III
Director
Division of Bond Finance

ASHBEL C. WILLIAMS
Executive Director and CIO
State Board of Administration of Florida

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

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OFFICIAL STATEMENT
Relating to
$19,805,000
STATE OF FLORIDA
Board of Governors
Florida International University Parking Facility Revenue Refunding Bonds
Series 2019A

For definitions of capitalized terms not defined in the text hereof, see Appendix A.

INTRODUCTION

This Official Statement sets forth information relating to the sale and issuance of $19,805,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Refunding Bonds, Series 2019A, dated the date of delivery (the "2019A Bonds"), by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance").

The proceeds of the 2019A Bonds will be used to refund the Outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy), 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" herein for more detailed information.

The 2019A Bonds will be secured by and payable from the Pledged Revenues. The Pledged Revenues consist of the revenues of the Parking System after payment of the Administrative Expenses, the Current Expenses, and the Rebate Amount, if any. See "SECURITY FOR THE 2019A BONDS" herein for more detailed information.

The lien of the 2019A Bonds on the Pledged Revenues is a first lien on such revenues and will be on a parity with the lien on the Outstanding Bonds and any Additional Parity Bonds hereafter issued. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2019A Bonds is $54,305,000. See "SECURITY FOR THE 2019A BONDS" herein for more detailed information.

The 2019A Bonds do not constitute a general obligation 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 2019A Bonds.

Requests for additional information may be made to:

Division of Bond Finance
Phone: (850) 488-4782
Fax: (850) 413-1315
Email: 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 2019A Bonds and the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references to and descriptions of such documents are qualified by reference to the actual documents. Copies of such documents may be obtained from the Division of Bond Finance.

End of Introduction

AUTHORITY FOR THE ISSUANCE OF THE 2019A BONDS

General Legal Authority

The 2019A Bonds (the "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 serves as an assistant secretary of the Governing Board and directs the day-to-day operations of the Division of Bond Finance, including the issuance of bonds.

State Board of Administration of Florida

The State Board of Administration of Florida (the "Board of Administration") was created under Article IV, Section 4, of the Florida Constitution, as revised in 1968 and subsequently amended, and succeeds to all the power, control and authority of the State Board of Administration established pursuant to Article IX, Section 16, of the Constitution of the State of Florida of 1885. It will continue as a body at least for the life of Article XII, Section 9(c) of the Florida Constitution. The Board of Administration is composed of the Governor, as Chairman, the 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 Fund, and the Reserve Account, if any.

Board of Governors

The Board of Governors of the State University System of Florida (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 State University System. The Board of Governors' responsibilities include defining the mission of each university, ensuring the coordination and operation of the State University System, and avoiding wasteful duplication of facilities or programs. Article IX, Section 7 provides that the Board of Governors shall establish the powers and duties of the university boards of trustees. See "University Boards of Trustees" below. The Board of Governors' management of the State University System is subject to the power of the Florida Legislature to appropriate funds.

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

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

Board Members	**Term Expires**
Ned C. Lautenbach, Chair	January 6, 2020
Sydney Kitson, Vice Chair	January 6, 2024
Tim Cerio	January 6, 2024
Patricia Frost	January 6, 2024
H. Wayne Huizenga, Jr.	January 6, 2020
Darlene L. Jordan	January 6, 2024
Brian Lamb	January 6, 2026
Alan M. Levine	January 6, 2024
Edward A. Morton	January 6, 2020
Steven Scott	January 6, 2026
Eric Silagy	January 6, 2026
Kent Stermon	January 6, 2026
Norman D. Tripp	January 6, 2020

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

Richard Corcoran – Commissioner of Education
Shawn Felton – President, Advisory Council of Faculty Senates
Jalisa White – Chairman, Florida Student Association

University Boards of Trustees

Article IX, Section 7 of the Florida Constitution provides for an appointed board of trustees at each State University. Each board of trustees consists of thirteen members and administers the university. Six members of each university's board of trustees are appointed by the Governor and five members are appointed by the Board of Governors, subject to confirmation by the Florida Senate. The chair of the faculty senate and the president of the student body are also members of each board of trustees. See Appendix G, "Florida International University" for the board of trustees for Florida International University (the "University").

Administrative Approval

By a resolution adopted on March 28, 2013, the Board of Governors requested the Division of Bond Finance proceed with the preparation of proceedings required for the issuance of the 2019A Bonds.

By a resolution adopted on April 2, 2019 (the "Sixth Supplemental Resolution"), which supplements a resolution adopted on February 28, 1995 (the "Original Resolution"), as amended by resolutions adopted on June 12, 2002 (the "Second Supplemental Resolution"), on September 10, 2002 (the "2002 Sale Resolution"), and on September 15, 2009 (the "Third 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 the 2019A Bonds. The Original Resolution, the Second Supplemental Resolution, the 2002 Sale Resolution, the Third Supplemental Resolution, and the Sixth Supplemental Resolution are reproduced as Appendices B, C, D, E, and F, respectively, to this Official Statement. The Original Resolution, as amended and supplemented through the Sixth Supplemental Resolution, is referred to as the "Resolution."

The Board of Administration approved the fiscal sufficiency of the 2019A Bonds, as required by the State Bond Act, on April 2, 2019.

DESCRIPTION OF THE 2019A BONDS

The 2019A Bonds are being issued as fully registered bonds in the denomination of $1,000 or integral multiples thereof. The 2019A Bonds are payable from the Pledged Revenues as described herein. The 2019A Bonds will be dated the date of delivery thereof, and will mature as set forth on the inside front cover. Interest is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020, until maturity or redemption.

The 2019A Bonds will initially be issued exclusively in "book-entry" form. Ownership of one 2019A 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 2019A Bonds. Individual purchases of the 2019A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2019A Bonds or any certificate representing their beneficial ownership interest in the 2019A Bonds. See Appendix L, "Provisions for Book-Entry Only System or Registered Bonds" for a description of DTC, certain responsibilities of DTC, the Board and the Bond Registrar/Paying Agent, and the provisions for registration and registration of transfer of the 2019A Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

Optional Redemption

The 2019A Bonds maturing in the years 2020 through 2029, inclusive, are not redeemable prior to their stated dates of maturity. The 2019A Bonds maturing in 2030 and thereafter are redeemable prior to their stated date of maturity, without premium, at the option of the Division of Bond Finance, (i) in part, by maturities to be selected by the Division of Bond Finance, and by lot within a maturity if less than the entire maturity is to be redeemed, or (ii) as a whole, on July 1, 2029, or on any date thereafter, at the principal amount of the 2019A Bonds so redeemed, together with interest accrued to the date of redemption.

Notice of Redemption

Notices of redemption of 2019A 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 2019A Bonds to be redeemed, if less than all, the date fixed for redemption, and the redemption price. In lieu of mailing, the Bond Registrar/Paying Agent may elect to provide such notice of redemption by electronic means to any Registered Owner who has consented to such method of receiving notice.

Failure to give, or any defect in, any required notice of redemption as to any particular 2019A Bonds will not affect the validity of the call for redemption of any 2019A Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been given, whether or not the Registered Owner receives the notice.

Interest on the 2019A Bonds called for redemption will cease to accrue upon the redemption date.

THE REFUNDING PROGRAM

The proceeds from the sale of the 2019A Bonds, together with other legally available moneys, will be used to refund the Outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy), maturing in the years 2020 through 2039, inclusive, in the outstanding principal amount of $25,110,000 (the "Refunded Bonds"). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2019A Bonds, the Division of Bond Finance will cause to be deposited a portion of the proceeds of the 2019A Bonds, along with other legally available moneys, in an irrevocable escrow account (the "Escrow Deposit Trust Fund"), under an agreement (the "Escrow Deposit Agreement") entered into between the Board of Governors, the Division of Bond Finance and the Board of Administration (the "Escrow Agent"). The Escrow Agent will hold those moneys uninvested. The escrow will be funded in an amount which will be sufficient to meet the redemption requirements of the Refunded Bonds.

The Refunded Bonds will be called for redemption, by separate redemption notice on July 5, 2019, at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date. No funds held in escrow will be available to pay debt service on the 2019A Bonds.

Sources and Uses of Funds

Sources of Funds:	
Par Amount of 2019A Bonds	$19,805,000
Original Issue Premium	2,949,909
Reserve Release	2,564,373
Total Sources	$25,319,282
Uses of Funds:	
Deposit to the Escrow Deposit Trust Fund	$25,128,306
Underwriter's Discount	91,986
Cost of Issuance	98,990
Total Uses	$25,319,282

SECURITY FOR THE 2019A BONDS

Pledge of Parking System Revenues

The 2019A Bonds and the interest thereon constitute obligations of the Board on behalf of the University, and are payable solely from a first lien pledge of the Pledged Revenues on a parity with the Outstanding Bonds and any Additional Parity Bonds. The aggregate principal amount of Bonds which will be Outstanding subsequent to the issuance of the 2019A Bonds is $54,305,000. The Pledged Revenues are derived from the parking and student transportation access fee and the operation of the Parking System. The "Parking System" consists of the University's existing parking facilities at all the University's campuses, and such additional parking facilities as may be added to the Parking System at some future date, all as more fully described in "PARKING SYSTEM" herein. The Pledged Revenues are the Parking System revenues remaining after deducting the Administrative Expenses, the Current Expenses and the Rebate Amount, if any, plus investment earnings thereon. The Pledged Revenues and the related debt service coverage ratios are set forth under "PARKING SYSTEM – Historical Pledged Revenues and Debt Service Coverage" and "PARKING SYSTEM - Projected Pledged Revenues and Debt Service Coverage" herein.

The 2019A 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 2019A Bonds do not constitute a general obligation of the State of Florida or any of its agencies or political subdivisions, including the Board of Governors and 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 2019A Bonds. The issuance of the 2019A 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 2019A Bonds.**

Reserve Account

The Resolution provides that the Reserve Account for the 2019A Bonds may be funded in an amount determined by the Director, which amount may be zero. The Reserve Requirement for the 2019A Bonds has been determined to be zero. No deposit will be made to the Debt Service Reserve Account from the proceeds of the 2019A Bonds.

The Refunded Bonds are secured by cash deposited from proceeds of the Refunded Bonds in a subaccount in the Reserve Account in the amount of approximately $2.6 million. As part of the refunding of the Refunded Bonds, the monies in the subaccount will be withdrawn and used for the purposes of the refunding. See "THE REFUNDING PROGRAM" herein.

Flow of Funds

Collection of Pledged Revenues. Pledged Revenues are deposited in a trust fund (the "Revenue Fund") in an approved bank to be administered in accordance with the Resolution and applicable laws. After providing for the payments required below, the University may use the proceeds of 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 Parking System;

(B) Transfer to the Board of Administration no later than 30 days before an Interest Payment Date and/or a Principal Payment Date to be used as follows:

(1) for payment of the 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 the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, or subaccounts therein, in the Sinking Fund in an amount equal to the Reserve Requirement.

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

(C) Deposit into the Parking System Maintenance and Equipment Reserve Fund of the amounts required by the Resolution.

(D) Optional redemption or purchase of Bonds or any lawful purpose of the University, at the sole discretion of the University.

See "MISCELLANEOUS - Investment of Funds" herein for policies governing the investment of various funds.

Covenants of the Board of Governors

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 Parking 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 to the amounts of rentals, fees, and other charges for the use of the facilities of the Parking System, which will produce Parking System Revenues sufficient to pay, when due, the amounts required under the Resolution.

(D) That it will continue to collect the fines, fees, rentals, and other amounts charged to all individuals being served by the facilities of the Parking System.

Additional Parity Bonds

The Resolution provides that Additional Parity Bonds, may be issued, but only upon the following terms, restrictions and conditions: (A) the proceeds from such Additional Parity Bonds will be used to acquire and construct capital additions or improvements to the Parking System; (B) all previously authorized bonds will have been issued and delivered, or authority for the unused portion will have been canceled; (C) the Board must authorize the issuance of the Additional Parity Bonds; (D) the Board of Administration must approve the fiscal sufficiency of such Additional Parity Bonds; (E) certificates will be executed by the Board setting forth (1) the average amount of Pledged Revenues from the two fiscal years immediately preceding the issuance of the proposed Additional Parity Bonds, and (2) the Maximum Annual Debt Service on the Bonds then outstanding and the Additional Parity Bonds then proposed to be issued; (F) the Board must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution and the Board must be currently in compliance with the covenants and provisions of the Resolution and any supplemental resolution thereafter adopted for the issuance of Additional Parity Bonds, unless upon the issuance of such Additional Parity Bonds the Board will be brought into compliance with all such covenants and provisions; and (G) the average amount of Pledged Revenues for the two immediately preceding fiscal years, as adjusted as provided for in the Resolution, will be at least equal to 120% of the Maximum Annual Debt Service on the Bonds then outstanding and the Additional Parity Bonds then proposed to be issued. The Resolution provides that for purposes of the Additional Parity Bond test, Pledged Revenues may be adjusted to reflect actual and projected rate increases, additions to existing parking facilities or the acquisition of additional parking facilities.

Additional Parity Bonds issued to refund Outstanding Bonds shall comply with the above restrictions, except that refunding bonds with an equal or a lower Annual Debt Service Requirement in each fiscal year than the Bonds they are refunding do not have to comply with the coverage provisions of the preceding paragraph.

All of the above terms, conditions and restrictions having been complied with, the 2019A Bonds will be issued on a parity with the Outstanding Bonds.

Additional Parity Bonds issued in accordance with the Original Resolution will be on a parity as to lien on the Pledged Revenues with the Outstanding Bonds and the 2019A Bonds.

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PARKING SYSTEM
(Source: Florida International University)

Introduction

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 180 baccalaureate, master's and doctoral degree programs. The University operates two primary campuses in Miami-Dade County, Florida. The Modesto Maidique Campus ("MMC"), is on 342 acres and is located in southwest Miami-Dade County. The Biscayne Bay Campus ("BBC") is on 200 acres and is located along the coast of Biscayne Bay in North Miami. Additionally, the University operates four satellite campuses: the Center for Engineering and Applied Science located near MMC, FIU at I-75 located in Broward County, Miami Beach Urban Studios and FIU Downtown on Brickell. The total student body, as of Fall 2018, was approximately 58,000, of whom, approximately 84% are undergraduates and approximately 35,000 are full-time.

The main Parking System Office, at MMC, administers the parking and collects the revenues for all locations and is administered by the University's Department of Parking and Transportation. The position of Assistant Vice President of Parking, Sustainability, and Transportation oversees the day-to-day operations of the Parking System. The Parking System is a self-supporting auxiliary operation which does not receive any state financial appropriations. Any expansions or enhancements to the Parking System must be paid from revenues generated by the parking and transportation activity on the campuses. Parking System Revenues are derived primarily from student, faculty and staff permit sales, a student parking and transportation access fee and parking citation fines.

All non-visitor motor vehicles which are parked on either MMC or BBC must be registered with the Department of Parking and Transportation. Registered vehicles are restricted to specific parking areas depending on the type of parking permit issued. There are metered parking spaces on MMC and BBC for visitor parking, although meters must be paid whether or not a vehicle has a permit. Hours of enforcement are 7:00 A.M. to 10:00 P.M., seven days a week. Vehicles displaying a disabled permit are exempt from meter charges. Parking in all other areas, including Executive, Administrative and Disabled, are observed and enforced at all times.

The University provides campus shuttle services to its students. The University has a contract with Academy, a private company, to provide bus service between MMC and BBC (a 30 mile one-way trip). This system is referred to as the Golden Panther Express and operates five days a week for 17 hours each day. The University provides internal shuttle services within MMC (Panther Mover) and from MMC to the Engineering Center (CATS). The revenues from shuttle services are not included in Pledged Revenues of the Parking System. Likewise, the expenditures incurred for the shuttle services are not included in current expenditures in calculating Pledged Revenues. Please note that shuttle services are part of the Parking System Financial Statements included as Appendix herein.

The University, over the last three years, has made significant improvements to the Parking System processes which resulted in reduced expenses and improved user experience. The implementation of the Park Smart car count system has provided users a tool to identify parking availability in real time and reduce the time needed to find a parking space.

Staffing

The Parking System encompasses two main department work groups. The first and largest is the Department of Parking and Transportation which currently employs approximately 32 full-time and 60 part-time staff. The staff, which includes students and non-students, is comprised of administrators, clerical staff and parking patrollers. The second office is the Department of Parking Maintenance which has a staff of 10 employees. Enforcement has been automated through the use of license plate readers. This has helped reduce Salaries and Benefits from $3.1 million in Fiscal Year 2014 to $2.9 million in Fiscal Year 2018.

Parking Facilities

The Parking System currently provides 17,422 vehicle spaces, with 15,810 of those spaces available for general faculty, staff and student parking and 1,612 spaces available for reserved, handicapped, service vehicle, loading and visitor parking spaces. The University has 8,337 surface parking spaces and 9,085 spaces in seven multi-level parking garages. The parking garages are all located on MMC. There are 14,209 parking spaces on MMC with 2,412 on BBC and 801 spaces on the Engineering Center Campus.

Capital Projects Plan

The Parking System staff continuously monitors the demand for parking while analyzing utilization and turn ratios in conjunction with in-person class schedules. In addition, the University assesses and considers public transportation services, potential utilization of off-campus parking as needed, the projected growth of the University, the financial implications of constructing additional facilities as part of the scope in determining whether additional parking is validated and feasible. Should the University determine to move forward with additional parking facilities, a program would be developed and appropriate approval and funding would be sought.

At this time, the Parking System has no plans to construct additional parking garages or surface lots.

Capital Maintenance Plan

The Parking System Maintenance and Equipment Reserve Fund (the "R&R Fund") was established by the Original Resolution, to be used to pay the cost of unusual or extraordinary maintenance, repairs, renewals, replacements, and renovations not paid as part of ordinary and normal expenses of the operation and maintenance of the Parking System. Currently, the available balance in the R&R Fund is $1,610,110. The amount required to be deposited by the University into the R&R Fund is determined annually by the Board of Governors as part of the development of the annual budget of the University. The University will continue to deposit a percentage of the annual Parking System Revenues into the R&R Fund each year. Historically, this has been approximately 1% of operating revenues.

Projected Capital Improvement Expenditures
Next Five Years Fiscal Years Ending June 30,

	2019	2020	2021	2022	2023
Capital Outlay*	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000

*Maintenance/Improvements are based on a 2018 Conditional Appraisal Report and are divided into Structural Repairs, Routine Maintenance, and Preventative Maintenance for all 6 Parking Garages.

Insurance on Facilities

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

Parking Needs Assessment

Convenient and accessible parking is vital to the longevity of the University, which is dependent on its commuting student population. Most indications are that the University will remain a highly commuter-oriented university. Therefore, the student population will have a high reliance on the use of the personal vehicles as a primary mode of transportation to the University which, in turn, translates into a very high parking demand. Off campus parking near MMC is virtually non-existent. Because of the location of the University, the use of alternative off campus parking is unavailable for University students, faculty, staff and visitors. The University is surrounded by residential communities, shopping centers, recreational facilities and a segment of Florida's Turnpike System. Unauthorized vehicles are subject to towing if parked at these locations.

The University's Parking System currently serves a daytime campus population of over 51,000 students, faculty and staff members and has a total of 17,422 parking spaces. In addition, there is an undeterminable number of visitor, delivery, service, and emergency vehicles that require parking spaces each day. Presently, the ratio of university-wide spaces available to student transportation access fee collected ("TAF") is 1 space for every 3.6 TAF and 1 space for every 1.7 faculty and staff permits sold. Unmet parking demands are expecting to increase overtime as students, faculty and staff increase.

Parking System Revenues

The revenues of the University's Parking System are derived from five primary sources which accounted for 96% of all Parking System Revenues in Fiscal Year 2017-18. The largest source is the mandatory student parking and transportation access fee which was implemented in the Fall Term of 1998. This fee replaced the prior system of selling parking permits to individual students. All students are required to pay the parking and transportation access fee as a part of registration for classes with the exception of distance learning students. This fee entitles students to a parking permit which allows them to park at the MMC, BBC and the Engineering Center Campus. A second source of revenue to the Parking System is permit sales. Faculty and staff members are required to purchase parking permits and register their vehicles if they wish to park on campus. Parking and transportation access fees and parking permit sales, combined, account for a large portion of total Parking System Operating Revenues. Variables that most heavily influence these revenues are employment and enrollment levels as well as permit price and fee increases.

The Parking System has several revenue sources other than parking and transportation access fees and parking permit sales. These include revenue collected from visitors through parking meters and paid parking at garages, parking fines, interest income, and immobilization fees.

Percentage of Parking System Revenues

	Fiscal Years ended June 30,				
Revenue Type	**2014**	**2015**	**2016**	**2017**	**2018**
Parking Permit and Fees	70.0%	78.5%	76.8%	76.1%	80.4%
Visitor Parking	2.5%	1.6%	3.9%	4.4%	4.7%
Traffic Fines, Towing and Other Operating Revenue*	17.2%	16.9%	15.6%	15.2%	10.7%
Noncapital Donations	0.0%	0.0%	0.0%	0.1%	0.1%
Investment Income (Loss)	2.6%	(0.7%)	0.1%	0.4%	0.7%
Other Nonoperating Revenues	4.2%	0.0%	0.0%	0.0%	0.0%
Capital Grants, Contracts, Donations, and Fees	3.4%	3.7%	3.6%	3.9%	3.5%
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

* Other Operating Revenue includes Shuttle Services which is excluded from Pledge Revenues.

Rates and Charges

The University has direct control over the parking rates at the University. Vehicle parking permit and transportation access fee revenues can be adjusted annually to provide the necessary funds to pay the cost of operation and maintenance of the Parking System and to meet any debt service obligations.

Super-Majority Vote for Increasing University Fees

The Constitutional Revision Commission proposed an amendment to the Florida Constitution which requires a super-majority vote of any university board of trustees (9 of 13 members) to raise, impose, or authorize any university fee. If approval by the Board of Governors is required by general law, the amendment also requires a super-majority vote by the Board of Governors (12 of 17 members). The amendment was approved by 60% of the voters in a state wide election on November 6, 2018 and took effect on January 8, 2019. As a result, future increases to the fees which comprise the Pledged Revenues, including the transportation access fee and parking permits, which secure payments of the Series 2019A Bonds, will require a super-majority vote by the University's board of trustees.

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The following table sets forth the parking rates for various types of parking permits, the number of permits issued and information regarding student parking and transportation access fees assessed during the past five fiscal years.

Annual Number and Cost of Parking Permits Issued by Type[1] and Student Parking and Transportation Access Fee Assessments

Parking Permit Type	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Executive Permits					
Number of Permits	67	72	91	88	94
Permit Costs	$973	$973	$973	$973	$973
Administrative					
Number of Permits	641	675	719	878	954
Permit Costs	$447	$447	$447	$447	$447
Faculty and Staff 25K< [2]					
Number of Permits	923	1,282	1,115	1,002	1,037
Permit Costs	$133	$133	$133	$133	$133
Faculty and Staff 30K-35K					
Number of Permits	292	384	401	388	285
Permit Costs	$155	$155	$155	$155	$155
Faculty and Staff 35K-45K					
Number of Permits	559	594	727	690	698
Permit Costs	$226	$226	$226	$226	$226
Faculty and Staff 45K+					
Number of Permits	1,644	1,673	1,927	1,982	2,188
Permit Costs	$254	$254	$254	$254	$254
Student Parking and Transportation Access Fee					
Number of Students Charged-Fall	43,153	45,230	45,482	45,679	45,946
Number of Students Charged-Spring	43,417	43,330	43,322	43,381	43,705
Number of Students Charged-Summer	29,216	30,190	30,319	29,733	31,878
Fall/Spring Fee	$89	$89	$89	$89	$89
Summer Fee	$83	$83	$83	$83	$83

1 Permit costs shown do not include (but are subject to) State sales tax. This table includes all major permit types. The University sells various other minor categories of permits, such as vendor and temporary permits, which account for less than 2% of Parking System Revenues.

2 Qualifying rate changed from $25k to $30k in Fiscal Year 2014-15.

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The following table shows the projected number of parking permits to be issued, parking permit prices and student parking and transportation access fees to be assessed for Fiscal Years 2018-19 through 2022-23. **These projections are for illustrative purposes only and the University can give no assurance that actual results will equal those set forth below.**

Projected Annual Number and Cost of Parking Permits Issued by Type[1] and Student Parking and Transportation Access Fee Assessments

Parking Permit Type	2018-19	2019-20	2020-21	2021-22	2022-23
Executive Permits					
Number of Permits	94	94	94	94	94
Permit Costs	$973	$1,022	$1,022	$1,022	$1,073
Administrative					
Number of Permits	954	954	954	954	954
Permit Costs	$447	$469	$469	$469	$493
Faculty and Staff 25K<					
Number of Permits	1,037	1,037	1,037	1,037	1,037
Permit Costs	$133	$140	$140	$140	$147
Faculty and Staff 25K-35K					
Number of Permits	285	285	285	285	285
Permit Costs	$155	$163	$163	$163	$171
Faculty and Staff 35K-45K					
Number of Permits	698	698	698	698	698
Permit Costs	$226	$237	$237	$237	$249
Faculty and Staff 45K+					
Number of Permits	2,187	2,187	2,187	2,187	2,187
Permit Costs	$254	$267	$267	$267	$280
Student Parking and Transportation Access Fee					
Number of Students Charged-Fall	45,946	45,946	45,946	45,946	45,946
Number of Students Charged-Spring	43,705	43,705	43,705	43,705	43,705
Number of Students Charged-Summer	31,878	31,878	31,878	31,878	31,878
Fall/Spring Fee	$89	$93	$93	$93	$98
Summer Fee	$83	$87	$87	$87	$92

[1] Permit costs shown do not include (but are subject to) State sales tax. This table includes all major permit types. The University sells various other minor categories of permits, such as vendor and temporary permits, which account for less than 2% of Parking System Revenues.

Collection and Enforcement

The University collects fees for parking permits on a continuous basis. Student parking and transportation access fees are charged and paid at the same time as student tuition. Peak times for those collection of the revenues are September in the fall term, January in the spring term, and May and July in the two summer terms. The majority of the parking revenue is derived from students.

Parking fines are levied seven days a week on any vehicle parked on campus illegally or without the proper permit. The University requires full payment unless an appeal is made to the Parking Violations Appeals Authority within ten days of the date of issuance of the citation. If a parking citation is not appealed within ten days from the date of issuance, the person becomes responsible for the fine and a $5.00 delinquent fee is added. At this time the charges are transferred into the University Central Accounts Receivable records. If the charges are not settled, further class registration is suspended and the student's records will not be released. Vehicles may be impounded for unpaid citations. After impoundment, these vehicles are held until all previously incurred fines are paid in full. Any unpaid fines are classified as a debt to the University and diplomas and transcripts of the student incurring the fine are withheld until all fines have been paid. Unpaid fines of faculty and staff members can be deducted from their paychecks.

Budgetary Information

The budgetary process for the University Parking System is implemented by the University and follows the guidelines issued by the Office of Financial Planning. These guidelines provide a standardized form at setting forth prior fiscal year information by budget categories for all University departments. Based on a thorough review of the current fiscal years operation, revisions are made, if necessary, to the projected Parking System budget which is prepared as a part of the permit price increase proposal. Various expenditure projections may be modified as updated information is available; however, revenue projections remain based on the approved permit price. Unlike other auxiliary enterprise operations, the budget for the Parking System is monitored and controlled by the University Office of Financial Planning. All planning and control of the revenues are done in this department through the Senior Vice President of Administration & Chief Financial Officer. Revenues are projected and an operating model is developed to furnish budgets to three main groups, Parking Administration, Parking Maintenance, and Capital Projects.

Discussion of Budget

Presented below is a comparison of the budgeted versus actual financial performance of the University Parking System for the past five fiscal years and budgeted for the current fiscal year. **This information has been prepared by the University on a cash basis for internal management purposes only and has not been audited.**

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Comparison of Budget to Actual for Fiscal Years 2013-14 through 2017-18
and Budget for Fiscal Year 2018-19[1]
($000s)

	Fiscal Year 2014			Fiscal Year 2015			Fiscal Year 2016			Fiscal Year 2017			Fiscal Year 2018			Fiscal Year 2019
	Budget	Actual	+/(-)	Budget	Actual	+/(-)	Budget	Actual	+/(-)	Budget	Actual	+/(-)	Budget	Actual	+/(-)	Budget
Revenues																
Decal sales, Parking Fees, Transportation Access Fee	$10,583	$11,475	$892	$11,545	$11,844	$892	$11,515	$11,851	$336	$11,787	$12,118	$331	$12,268	$12,467	$199	$12,316
Visitor Parking and Events	850	1,525	676	1,050	1,179	676	372	359	(13)	372	492	120	550	588	38	612
Traffic Fines and Towing	1,214	1,133	(81)	1,277	715	(81)	1,368	1,929	561	1,896	2,327	431	2,501	1,939	(563)	2,258
Interest Income	6	4	(2)	5	3	(2)	3	19	16	4	51	47	99	81	(18)	156
Total Revenues[2]	$12,652	$14,137	$1,485	$13,877	$13,740	$(137)	$13,258	$14,159	$900	$14,059	$14,988	$929	$15,418	$15,075	$(343)	$15,342
Expenditures																
Personnel Services	$2,481	$2,516	$(35)	$2,734	$2,680	$(35)	$2,887	$2,520	$366	$2,958	$2,632	$327	$3,184	$2,746	$438	$3,190
Operating Expenses	1,503	1,785	(282)	1,620	1,814	(282)	1,648	2,024	(376)	1,645	2,471	(826)	1,736	2,401	(665)	2,184
Administrative Overhead	266	288	(22)	292	298	(22)	307	300	7	307	331	(24)	330	341	(11)	358
Capital Outlay	28	10	18	33	25	18	46	65	(19)	77	161	(84)	140	58	82	130
Total Expenditures	$4,277	$4,599	$(322)	$4,679	$4,817	$(138)	$4,888	$4,909	$(21)	$4,987	$5,595	$(608)	$5,390	$5,546	$(156)	$5,862
Net Income	$8,375	$9,538	$1,163	$9,198	$8,923	$(275)	$8,371	$9,250	$879	$9,071	$9,393	$321	$10,028	$9,529	$(499)	$9,480

1 Amounts reflected pertain to primary parking operations and do not include other components of parking activities reported in the segment financial statements for the Parking System as a whole.
2 Data excludes all Shuttle Services (CATs, Panther Mover and GPE) and Vehicle Services which are included in the financial statements.

Selected Historical Financial Information

The following two tables set forth selected historical financial information for the Parking System. See "Discussion and Analysis of Financial Condition and Results of Operations" below for additional explanation of the financial condition of the Parking System. The financial information for the Parking System was prepared by the University for internal management purposes as an integral part of the University's financial statements, but the information has not been independently audited. This information was prepared on an accrual basis and in accordance with generally accepted accounting principles. Additionally, these statements incorporate requirements for state and local governments established by the Governmental Accounting Standards Board of the Financial Accounting Foundation with the adoption of Statement No. 34 and 35.

The financial information relating to the Parking System is included in the University's financial statements, which are independently audited by the Auditor General as part of the audit of Florida's Comprehensive Annual Financial Report. However, as stated above, the financial information for the Parking System is not independently audited. Audited University Financial Statements for Fiscal Year 2017-18 are reproduced as Appendix H and unaudited Parking System Financial Statements for Fiscal Year 2017-18 are reproduced as Appendix I.

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University Parking System
Historical Summary of Statement of Net Position (Unaudited)

	As of June 30,				
	2014	2015	2016	2017	2018
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 135,804	$ 1,102,467	$ 1,367,817	$ 1,336,410	$ 1,283,486
Investments	10,456,488	9,063,298	7,253,051	7,392,608	7,460,190
Accounts Receivable, Net	532,710	503,965	654,485	651,384	467,485
Due from Component Units	-	145	8	25,251	507
Total Current Assets	$11,125,002	$10,669,875	$9,275,361	$9,405,653	$9,211,668
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	$17,022	$12,605	$11,111	$11,215	$983,593
Restricted Investments	23,831,881	3,567,329	2,852,132	2,861,991	2,550,927
Furniture and Equipment	1,230,069	1,525,731	1,578,834	1,575,107	1,602,106
Infrastructure and Other Improvements	609,791	609,791	950,226	950,226	950,226
Buildings	80,691,425	116,864,753	120,207,464	120,207,464	120,207,464
Construction in Progress	19,235,194	4,137,141	1,780,795	2,176,445	3,805,387
Accumulated Depreciation	(14,969,340)	(17,392,851)	(20,253,305)	(22,908,290)	(25,793,065)
Total Noncurrent Assets	$110,646,042	$109,324,499	$107,127,257	$104,874,158	$104,306,638
Total Assets	$121,771,044	$119,994,374	$116,402,618	$114,279,811	$113,518,306
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	$75,951	$143,332	$119,125	$577,287	$408,705
Construction Contracts Payable	4,401,166	2,073,612	889,133	265,118	263,065
Salaries and Wages Payable	50,535	55,153	92,105	115,069	60,390
Due to Other Funds Within University	1,379,582	793,153	211,326	-	-
Long-Term Liabilities - Current Portion					
Capital Improvement Debt Payable	3,028,474	3,150,966	3,288,474	3,433,474	3,583,474
Compensated Absences Payable	11,506	13,593	10,958	12,701	11,398
Total Current Liabilities	$8,947,214	$6,229,809	$4,611,121	$4,403,649	$4,327,032
NONCURRENT LIABILITIES:					
Capital Improvement Debt Payable	$73,446,970	$70,296,005	$67,005,023	$63,571,549	$59,988,074
Compensated Absences Payable	143,014	166,331	125,673	138,158	134,688
Total Noncurrent Liabilities	$ 73,589,984	$ 70,462,336	$ 67,130,696	$ 63,709,707	$ 60,122,762
Total Liabilities	$82,537,198	$76,692,145	$71,741,817	$68,113,356	$64,449,794
NET POSITION					
Net Investment in Capital Assets	$25,193,175	$32,211,300	$34,804,190	$35,417,401	$37,888,638
Restricted for Expendable Debt Service	2,861,467	2,857,475	2,863,243	2,873,205	2,834,785
Capital Projects	386,146	5,465	-	-	436,669
Unrestricted	10,793,058	8,227,989	6,993,368	7,875,849	7,908,420
Total Net Position	$39,233,846	$43,302,229	$44,660,801	$46,166,455	$49,068,512

University Parking System
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)

	Fiscal Years Ended June 30,				
	2014	2015	2016	2017	2018
OPERATING REVENUES					
Parking Permit and Fees	$12,126,244	$12,669,604	$12,436,882	$12,837,740	$13,169,549
Visitor Parking	427,158	256,668	629,126	747,673	768,588
Traffic Fines, Towing, and Other Operating Revenue	2,982,936	2,722,041	2,524,823	2,570,370	1,760,761
Total Operating Revenues	$15,536,338	$15,648,313	$ 15,590,831	$ 16,155,783	$15,698,898
OPERATING EXPENSES					
Compensation and Employee Benefits	$3,102,023	$3,365,864	$3,218,644	$2,904,023	$2,903,765
Services and Supplies	4,166,701	4,568,573	4,363,806	4,942,348	4,054,705
Utilities and Communications	346,098	411,231	499,046	433,898	419,362
Scholarships, Fellowships, and Waivers	190,741	214,713	206,075	225,270	274,060
Depreciation	2,058,449	2,471,637	2,888,207	2,946,214	2,928,209
Total Operating Expenses	$9,864,012	$11,032,018	$11,175,778	$11,451,753	$10,580,101
Net Operating Income	$5,672,326	$4,616,295	$4,415,053	$4,704,030	$5,118,797
NONOPERATING REVENUES (EXPENSES)					
Noncapital Donations	-	-	-	$9,864	$8,657
Investment Income (Loss)	$458,974	$(110,130)	$13,780	61,709	109,319
Other Nonoperating Revenues	732,000	-	-	-	3,090
Loss on Disposal of Capital Assets	-	-	-	(1,656)	(1,681)
Interest on Capital Asset-Related Debt	(3,682,916)	(3,899,055)	(3,762,505)	(3,616,180)	(3,460,950)
Other Nonoperating Expenses	(1,670,296)	-	-	(166,251)	-
Net Nonoperating Expenses	($4,162,238)	($4,009,185)	($3,748,725)	($3,712,514)	($3,341,565)
Income Before Other Revenues, Expenses, Gains, or Losses	$1,510,088	$607,110	$666,328	$991,516	$1,777,232
Capital Grants, Contracts, Donations and Fees	596,064	595,421	589,238	652,129	567,765
Transfers (Out) In	(679)	2,865,852	103,006	(137,991)	557,060
Increase in Net Position	$2,105,473	$4,068,383	$1,358,572	$1,505,654	$2,902,057
Net Position, Beginning of Year	$37,128,373	$39,233,846	$43,302,229	$44,660,801	$46,166,455
Net Position, End of Year	$39,233,846	$43,302,229	$44,660,801	$46,166,455	$49,068,512

Discussion and Analysis of Financial Condition and Results of Operations

Total revenues increased from $15.5 million to $15.7 million from Fiscal Year 2014 to Fiscal Year 2018. Revenue growth was largely attributable to higher student enrollment, higher visitor (event) volumes and partially offset by lower traffic fine revenue. The reduced level of traffic fine revenue in Fiscal Year 2018 was due to enforcement changes as a result of Hurricane Irma. The revenue category "Traffic Fines, Towing, and Other Revenues" include shuttle fee and vehicle services revenues. Shuttle fee revenues remained flat over the five year period. Vehicle services was reorganized in Fiscal Year 2017, was removed from Parking and Transportation and placed under the Business Services Department.

Operating expenses in Fiscal Year 2018 totaled $10.6 million and represented an increase of $0.7 million from Fiscal Year 2014 to Fiscal Year 2018. The increase was almost entirely attributable to higher depreciation expenses that were partially offset by lower compensation and employee benefit expenses. Higher depreciation expenses resulted from the completion and the addition of Parking Garage Six into the Parking System. Compensation and employee benefit expenses decreased as the result of the implementation of automated parking enforcement through the use of license plate readers and the reorganization of Vehicle Services.

Total operating income declined from $5.7 million in Fiscal Year 2014 to $4.6 million in Fiscal Year 2015 due to increased depreciation expense due to the addition of Parking Garage Six and higher services and supplies expenses. Operating income declined from $4.6 million in Fiscal Year 2015 to $4.4 million in Fiscal Year 2016 due to higher depreciation expenses. Operating income increase from $4.4 million in Fiscal Year 2016 to $4.7 million in Fiscal Year 2017 was largely due to higher parking permit revenue resulting from an increase in number of permits sold, and lower compensation and employee benefits expenses due to implementation of automated parking enforcement. Operating income increased from $4.7 million in Fiscal Year 2017 to $5.1 million in Fiscal Year 2018 due to higher parking permit revenue, resulting from an increase in number of permits sold and lower services and supplies expenses that were partially offset by lower traffic fines revenue. The decrease in traffic fines revenue was due to the impact of Hurricane Irma, which caused the University to close for 10 days and did not allow for the imposition of fines during that time.

Total net position increased annually from $39.2 million in Fiscal Year 2014 to $49.1 million in Fiscal Year 2018 and reflects the Parking System's consistent positive operating performance.

Nonoperating revenues and expenses reported during Fiscal Year 2018 consist of noncapital donations, investment income, interest expense, adjustments to the fair value of investments, loss on disposal of capital assets and other nonoperating expenses. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset-related debt, realized investment income, adjustments to fair market value of investments and other nonoperating expenses.

The Parking System received capital grant revenue of approximately $0.6 million per year for the annual interest subsidy from the Federal Government for the 2009B Build America Bonds (Federally Taxable-Issuer Subsidy). The Parking System will no longer receive such revenues following the refunding of the 2009B Bonds with the 2019A Bonds.

Historical Pledged Revenues and Debt Service Coverage

The following table shows historical operating results and debt service coverage ratios. The shuttle services (Golden Panther Express, CATS, and Panther Mover) are excluded from Pledged Revenues of the Parking System and are not pledged to the bonds.

Historical Debt Service Coverage from Pledged Revenues[1]

	2014	2015	2016	2017	2018
Operating Revenues					
Parking Permits and Fees	$12,126,244	$12,669,602	$12,436,882	$12,837,740	$13,169,549
Visitor Parking and Events	427,158	256,668	629,126	747,673	768,588
Traffic Fines, Towing & Other Revenue[2]	2,982,936	2,722,041	2,524,823	2,570,370	1,760,761
Less: Shuttle Services	(522,843)	(478,286)	(528,211)	(555,831)	(505,246)
Less: Vehicle Services[3]	(1,255,375)	(1,328,018)	(704,212)	-	-
Total Parking System Revenues[4]	**$13,758,120**	**$13,842,008**	**$14,358,408**	**$15,599,952**	**$15,193,652**
Current Expenses[4]					
Salaries and Personnel Services	$3,102,023	$3,365,864	$3,218,644	$2,904,023	$2,903,765
Other Operating Expenses	4,703,540	5,194,517	5,068,927	5,601,516	4,748,127
Less: One-Time capital expenditures[5]	(428,900)	(522,568)	(759,071)	-	-
Less: Shuttle Services	(1,116,284)	(1,408,049)	(1,022,811)	(1,936,246)	(1,580,604)
Less: Vehicle Services	(1,252,850)	(1,468,188)	(509,937)	-	-
Less: Administrative Overhead	(296,489)	(298,325)	(319,943)	(367,320)	(471,546)
Total Current Expenses	**$4,711,041**	**$4,863,252**	**$5,675,809**	**$6,201,973**	**$5,599,742**
Net Parking System Revenues	**$9,047,080**	**$8,978,756**	**$8,682,599**	**$9,397,979**	**$9,593,910**
Interest Income[6]	**$3,871**	**$2,508**	**$19,015**	**$51,083**	**$81,185**
Pledged Revenues	**$9,050,951**	**$8,981,265**	**$8,701,614**	**$9,449,063**	**$9,675,095**
Total Annual Debt Service	**$6,274,193**	**$6,927,527**	**$6,915,978**	**$6,904,652**	**$6,894,422**
Maximum Annual Debt Service	**$6,927,527**	**$6,927,527**	**$6,915,978**	**$6,904,654**	**$6,894,423**
Coverage Ratios					
Annual Debt Service	**1.44x**	**1.30x**	**1.26x**	**1.37x**	**1.40x**
Maximum Annual Debt Service	**1.31x**	**1.30x**	**1.26x**	**1.37x**	**1.40x**
Federal Subsidy for the 2009B Bonds[7]	$596,064	$595,421	$589,238	$577,828	$567,815
Coverage Ratios with Subsidy[7]					
Annual Debt Service	**1.54x**	**1.38x**	**1.34x**	**1.45x**	**1.49x**
Maximum Annual Debt Service	**1.40x**	**1.38x**	**1.34x**	**1.45x**	**1.49x**

[1] The financial information related to revenues and expenses was provided by the University and has not been audited. See "Selected Historical Financial Information" herein. Shuttle Operations and Vehicle Service Operations revenues and expenditures are not included in the Pledged Revenues for the Bonds.

[2] Includes events revenue.

[3] Vehicle services stopped in Fiscal Year 2017.

[4] Excludes all shuttle services, CATs, Panther Mover, GPE, and Vehicle Services, which are included in the financial statements but not included in the Pledged Revenues.

[5] Generally includes one-time capital expenses that are not incidental to the normal operation and maintenance of the Parking System. Fiscal Year 2014 includes $321,000 due to Accounting Error. Fiscal Year 2016 includes approximately $400,000 for the installation of license plate reading technology.

[6] Interest income is from Operating Account only.

[7] Federal subsidies received for the 2009B Build America Bonds (Federally-Taxable Issuer Subsidy). These amounts are not Pledged Revenues. Coverage ratios with subsidy amounts included as revenues are for illustrative purposes only.

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 operating results have been prepared by the University based upon the most recent available information, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause the actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.**

Revenue projections assume that Student and Employee Parking Permit fees will increase by 5% in Fiscal Year 2020 and 5% in Fiscal Year 2023. The number of students and employees paying the parking and transportation fee is projected to remain flat between Fiscal Year 2019 and 2023. Parking Fine revenues are projected to increase 1% annually in Fiscal Year 2020 and 1.5% in Fiscal Year 2022. Visitor parking revenues from metered parking spaces are projected to increase 1% annually in Fiscal Year 2020 and 1.5% in Fiscal Year 2022.

Revenues and expenses related to the shuttle services were excluded and are not pledged to the Bonds.

Debt Service Coverage from Projected Pledged Revenues

	2019	2020	2021	2022	2023
Operating Revenues					
Parking Decals and Fees	$13,419,288	$14,090,252	$14,090,252	$14,090,252	$14,794,765
Visitor Parking and Events	783,163	793,219	793,219	806,322	806,322
Traffic Fines, Towing & Other Revenue[1]	1,794,151	1,317,188	1,330,360	1,343,663	1,357,100
Less: Shuttle Services	(580,000)	(35,000)	(35,000)	(35,000)	(35,000)
Total Parking System Revenues[2]	**$15,416,602**	**$16,165,659**	**$16,178,831**	**$16,205,237**	**$16,923,187**
Current Expenses					
Salaries and Personnel Services	$3,322,890	$3,392,250	$3,460,130	$3,529,360	$3,599,980
Other Operating Expenses	5,743,914	6,801,353	6,917,380	7,094,902	6,155,851
Less: Shuttle Services	(1,900,000)	(2,100,000)	(2,100,000)	(2,142,000)	(2,142,000)
Less: Administrative Overhead	(634,676)	(713,552)	(726,426)	(743,698)	(682,908)
Total Current Expenses	**$6,532,128**	**$7,380,051**	**$7,551,085**	**$7,738,563**	**$6,930,923**
Net Parking System Revenues	**$8,884,474**	**$8,785,608**	**$8,627,746**	**$8,466,674**	**$9,992,265**
Interest Income[3]	**$9,961**	**$9,961**	**$9,961**	**$9,961**	**$9,961**
Pledged Revenues	**$8,894,435**	**$8,795,569**	**$8,637,708**	**$8,476,635**	**$10,002,226**
Annual Debt Service					
2009B Bonds[4]	$2,507,036	-	-	-	-
2013A Bonds	4,372,606	$3,791,606	$3,788,106	$3,794,856	$2,147,356
2019A Refunding Bonds	-	1,482,289	1,483,950	1,486,700	1,487,700
Total Annual Debt Service	**$6,879,642**	**$5,273,895**	**$5,272,056**	**$5,281,556**	**$3,635,056**
Maximum Annual Debt Service	**$6,879,643**	**$5,281,556**	**$5,281,556**	**$5,281,556**	**$3,636,806**
Coverage Ratios					
Annual Debt Service	**1.29x**	**1.67x**	**1.64x**	**1.60x**	**2.75x**
Maximum Annual Debt Service	**1.29x**	**1.67x**	**1.64x**	**1.60x**	**2.75x**
Federal Subsidy for the 2009B Bonds[5]	$593,963	-	-	-	-
Coverage Ratios with Subsidy[6]					
Annual Debt Service	**1.42x**	**1.67x**	**1.64x**	**1.60x**	**2.75x**
Maximum Annual Debt Service	**1.42x**	**1.67x**	**1.64x**	**1.60x**	**2.75x**

1 Includes events revenue.
2 Excludes all shuttle services, CATs, Panther Mover, GPE, and Vehicle Services, which are included in the financial statements but not included in the Pledged Revenues.
3 Interest income is from Operating Account only.
4 The 2009B Bonds will be refunded with the 2019A Bonds and called for redemption immediately after delivery of the 2019A Bonds.
5 Federal subsidies expected to be received for the 2009B Build America Bonds (Federally-Issuer Subsidy). These amounts are not Pledged Revenues. Subsequent to the issuance of the 2019A Bonds, which will refund the 2009B Bonds, the subsidy will be forgone.
6 Coverage ratios with subsidy amounts included as revenues are for illustrative purposes only.

SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Outstanding Bonds, the debt service on the 2019A Bonds and the combined debt service for the Parking System.

Fiscal Year Ending June 30	Outstanding Bonds[1]	Debt Service on the 2019A Bonds			Total Debt Service
		Principal	Interest	Total	
2019[2]	$6,879,643	-	-	-	$6,879,643
2020[3]	3,791,606	$615,000	$867,289	$1,482,289	5,273,895
2021	3,788,106	645,000	838,950	1,483,950	5,272,056
2022	3,794,856	680,000	806,700	1,486,700	5,281,556
2023	2,147,356	715,000	772,700	1,487,700	3,635,056
2024	2,148,656	750,000	736,950	1,486,950	3,635,606
2025	2,144,656	785,000	699,450	1,484,450	3,629,106
2026	2,144,456	825,000	660,200	1,485,200	3,629,656
2027	2,147,856	870,000	618,950	1,488,950	3,636,806
2028	2,147,269	910,000	575,450	1,485,450	3,632,719
2029	2,143,738	955,000	529,950	1,484,950	3,628,688
2030	2,147,163	1,005,000	482,200	1,487,200	3,634,363
2031	2,145,200	1,045,000	442,000	1,487,000	3,632,200
2032	2,145,350	1,085,000	400,200	1,485,200	3,630,550
2033	2,148,350	1,130,000	356,800	1,486,800	3,635,150
2034	2,148,500	1,175,000	311,600	1,486,600	3,635,100
2035	2,147,500	1,220,000	264,600	1,484,600	3,632,100
2036	2,143,250	1,270,000	215,800	1,485,800	3,629,050
2037	2,145,750	1,320,000	165,000	1,485,000	3,630,750
2038	2,144,500	1,375,000	112,200	1,487,200	3,631,700
2039	2,144,500	1,430,000	57,200	1,487,200	3,631,700
2040	2,145,500	-	-	-	2,145,500
2041	2,147,250	-	-	-	2,147,250
2042	2,144,500	-	-	-	2,144,500
2043	2,147,250	-	-	-	2,147,250
	$63,322,761	$19,805,000	$9,914,189	$29,719,189	$93,041,950

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1 Excludes Annual Debt Service of approximately $2 million on the Refunded Bonds in Fiscal Year 2020-2039, which will be called for redemption on July 5, 2019.

2 Debt service for the Outstanding Bonds in Fiscal Year 2019 does not take into consideration of the expected subsidy payment on the 2009B Build America Bonds (Federal Taxable – Issuer Subsidy) of approximately $594,000.

3 Debt service for the Outstanding Bonds in Fiscal Year 2020 does not take into consideration of the expected subsidy payment on the 2009B Build America Bonds (Federal Taxable – Issuer Subsidy) of approximately $1,500.

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 2019A 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 2019A Bonds in order that interest on the 2019A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2019A Bonds to be included in federal gross income retroactive to the date of issuance of the 2019A 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 2019A 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 of Education, 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 2019A Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2019A Bonds is excluded from gross income for purposes of federal income taxation. Interest on the 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

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 2019A Bonds. Prospective purchasers of 2019A Bonds should be aware that the ownership of 2019A 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 2019A Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on 2019A Bonds; (iii) the inclusion of interest on 2019A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on 2019A 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 2019A Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Board of Education and the Division of Bond Finance, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the 2019A Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2019A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the 2019A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2019A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2019A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the 2019A Bonds and proceeds from the sale of 2019A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2019A Bonds. This withholding generally applies if the owner of 2019A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"); (ii) furnished the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2019A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

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 2019A 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 2019A 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 2019A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the 2019A Bonds.

Prospective purchasers of the 2019A Bonds should consult their own tax advisors as to the tax consequences of owning the 2019A Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Bond Premium

The difference between the principal amount of the 2019A Bonds (the "Premium 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 such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

State Taxes

The 2019A 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 2019A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2019A Bonds for estate tax purposes.

The 2019A 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 2019A Bonds will be deposited as described previously under the heading "REFUNDING PROGRAM". After collection, the Pledged Revenues are transferred to the Revenue Fund, and amounts required for debt service are transferred to the Sinking Fund held by the Board of Administration. See "*Investment by the Chief Financial Officer*" and "*Investment by the Board of Administration*" below.

Investment by the Chief Financial Officer – Funds held in the State Treasury are invested by internal and external investment managers. As of December 31, 2018, the ratio was approximately 46% internally managed funds, 44% externally managed funds, 4% Certificates of Deposit and 6% in an externally managed Security Lending program. The total portfolio market value on December 31, 2018, was $25.198 billion.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of December 31, 2018, $18.043 billion of the investments in the Treasury consisted of accounts held by State agencies that are required by law to maintain their investments in the Treasury; additionally, $5.758 billion as of this date consisted of moneys held by certain boards, associations, or entities created by the State Constitution or by State law that are not required to maintain their investments with the Treasury and are permitted to withdraw these funds from the Treasury.

As provided by State law, the Treasury must be able to timely meet all disbursement needs of the State. Accordingly, the Treasury allocates its investments to provide for estimated disbursements plus a cushion for liquidity in instances of greater-than-expected disbursement demand.

To this end, a portion of Treasury's investments are managed for short-term liquidity and preservation of principal. The remainder is managed to obtain maximum yield, given the safety parameters of State law and Treasury's Comprehensive Investment Policy. Investments managed for short-term liquidity and preservation of principal are managed "internally" by Treasury personnel. The majority of investments managed for a maximum return are managed by "external" investment companies hired by the State.

The Externally Managed Investment Program provides long-term value while limiting risk appropriately and provides a backup source of liquidity. External investment strategy focuses on medium-term and long-term fixed income securities, rather than money market instruments, in order to take advantage of higher returns historically achieved by such securities. Portfolio managers are hired to actively manage funds. These funds may be invested in U.S. Treasury government agency obligations, investment grade corporate debt, municipal debt, mortgage backed securities, asset backed securities, and U.S. dollar denominated investment-grade foreign bonds that are registered with the Securities and Exchange Commission. The managers may also use leveraging techniques such as forward purchase commitments, and interest rate futures.

Investment by the Board of Administration – The Board of Administration manages investment of assets on behalf of the members of the Florida Retirement System (the "FRS") Defined Benefit Plan. It also acts as sinking fund trustee for most State bond issues and oversees the management of FRS Investment Plan investment options, Florida Hurricane Catastrophe Fund moneys, a short-term investment pool for local governments and smaller trust accounts on behalf of third party beneficiaries.

The Board of Administration adopts specific investment policy guidelines for the management of its funds which reflect the long-term risk, yield, and diversification requirements necessary to meet its fiduciary obligations. As of December 31, 2018, the Board of Administration directed the investment/administration of 30 funds in 545 portfolios.

As of December 31, 2018 the total market value of the FRS (Defined Benefit) Trust Fund was $ 150.630 billion. The Board of Administration pursues an investment strategy which allocates assets to different investment types. The long-term objective is to meet liability needs as determined by actuarial assumptions. Asset allocation levels are determined by the liquidity and cash flow requirements of the FRS, absolute and relative valuations of the asset class investments, and opportunities within those asset classes. Funds are invested internally and externally under a Defined Benefit Plan Investment Policy Statement.

The Board of Administration uses a variety of derivative products as part of its overall investment strategy. These products are used to manage risk or to execute strategies more efficiently or more cost effectively than could be done in the cash markets. They are not used to speculate in the expectation of earning extremely high returns. Any of the products used must be within investment policy guidelines designed to control the overall risk of the portfolio.

The Board of Administration invests assets in 29 designated funds other than the FRS (Defined Benefit) Trust Fund. As of December 31, 2018, the total market value of these funds equaled $43.045 billion. 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.

Environmental Risk Factors

With more than 2,000 linear miles of coastline, Florida's weather and natural resources affect its economy in a variety of ways. Economic activity attributable to in-migration and tourism represents a significant part of the State's economy, and the State's warm weather and beaches are responsible for attracting seasonal and permanent residents and tourists to the state. Because of the State's reliance on its natural resources to generate business and sustain in-migration, its economy and financial condition may be vulnerable to the impacts of environmental events.

The State has effectively responded to past environmental events, such as multiple hurricanes and the 2010 oil spill in the Gulf of Mexico from the Deepwater Horizon oil drilling rig, and has a variety of resources available to respond to damage caused by such events. The State has sufficient financial reserves to cover response-related expenditures, and, in most cases, the State can request reimbursement from federal relief funds to pay for a portion of such expenditures. In addition, upon a declaration of a state of emergency, Florida law provides the Governor broad spending authority to meet financial needs resulting from a disaster. The Division of Emergency Management ("DEM") was established as part of the State's structure to plan for and respond to both natural and manmade disasters. In addition to coordinating disaster response activities, DEM prepares and implements a statewide Comprehensive Emergency Management Plan and routinely conducts extensive exercises to test state and county emergency response capabilities.

The magnitude of the impact on the State's operations, economy, or financial condition from environmental risks is indeterminate and is unpredictable for future natural disasters like hurricanes, tropical storms, and naturally-occurring phenomena like red tide. There can be no assurance that the State will not encounter such risks in the future or that such risks will not have an adverse effect on the operations, economy, or financial condition of the State.

Information Technology Security

Similar to other large organizations, the State relies on electronic systems and information technologies ("IT") to conduct operations. Protecting the State's IT infrastructure and data is essential to delivering government services.

The University maintains a security posture designed to protect its data and deter attacks on its IT infrastructure and respond to such attacks to minimize their impact on operations. The University's cybersecurity program follows a multilayered approach with a focus on protecting the integrity, confidentiality, and availability of University's infrastructure, data, electronic systems and information technology. The University's cybersecurity strategy includes a comprehensive set of security policies and procedures, which are designed to guide faculty, staff, and persons of interest in their cybersecurity responsibilities; a security awareness program, which annually educates staff on active cybersecurity threats and security best practices; and a risk-based threat and vulnerability management program, which is internally monitored. Furthermore, the University has deployed endpoint security tools on managed workstations that include whole disk encryption, data loss prevention, and threat prevention. The University has deployed network and wireless security controls as part of its IT infrastructure, both of which are critical components of its overall cybersecurity strategy. Additionally, the University has implemented access and authentication protocols, which includes multi-factor authentication, and industry standard encryption to protect its data in transit and at rest. As a further precaution, the University's cybersecurity program is subjected to routine internal audits to evaluate the effectiveness of the program. The University's cybersecurity strategy is supported by administrative and technical controls, which assist in identifying potential threats and preventing attacks that may target the University's data and IT infrastructure. Additionally, the University has secured "cyber-insurance" for expenses incurred as result of cyber incidents or network extortion threats. Moreover, the University continues to develop monitoring tools to correlate data and report on potential threats. In the event a cybersecurity issue arises, the University has an incident response breach plan to quickly address such issues.

The Board of Administration acts as the fiscal agent for the bonds that the Division of Bond Finance issues on behalf of the State and its agencies. As trustee for the Division of Bond Finance's bond programs, the Board of Administration protects its data and IT infrastructure, including data and information related to bond programs, through a multifaceted cybersecurity strategy. The Board of Administration's cybersecurity strategy includes a comprehensive set of security policies and procedures, which are designed to guide staff in their cybersecurity responsibilities; a security awareness program, which educates staff on active cybersecurity threats and security best practices; and a risk-based threat and vulnerability management program, which is internally monitored. Additionally, the Board of Administration has implemented access and authentication protocols, which includes multi-factor authentication, and industry standard encryption to protect data in transit and at rest. As a further precaution, the Board of Administration's cybersecurity program is subjected to routine internal audits to evaluate the effectiveness of the program, as well as annual external audits and penetration testing to identify opportunities to improve its security posture. The Board of Administration's cybersecurity strategy is supported by administrative and technical controls, which assist in identifying potential threats and preventing attacks that may target the Board of Administration's data and IT systems. Although the State does not have a state-wide "cyber-insurance" policy, the Board of Administration has purchased "cyber-insurance" for expenses incurred as result of cyber incidents or network extortion threats. In the event a cybersecurity issue arises, the Board of Administration has an incident response capability to quickly address such issues.

Despite the University's and the Board of Administration's robust cybersecurity policies and procedures designed to protect their data and IT infrastructure, no assurance is given that the State's security measures will prevent cyber-attacks, nor can any assurance be given that any cyber-attacks, if successful, will not have a material impact on State operations.

Bond Ratings

Moody's Investors Service, S&P Global Ratings, and Fitch Ratings, (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of Aa3 (stable outlook), AA- (stable outlook), and A+ (stable outlook), respectively, to the 2019A Bonds. Such ratings reflect only the respective views of such Rating Agencies at the time such ratings were issued, and an explanation of the significance of such ratings may be obtained from any of the respective rating agencies.

The University furnished to such Rating Agencies certain information and material in respect to the University, the Parking System, and the 2019A 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 2019A Bonds.

Litigation

Currently there is no litigation pending, or to the knowledge of the University, the Board of Governors, or the Division of Bond Finance threatened, which, if successful, would have the effect of restraining or enjoining the issuance or delivery of the 2019A 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 of Governors, or the Division of Bond Finance threatened which questions or affects the validity of the 2019A Bonds or the proceedings and authority under which the 2019A Bonds are to be issued. Further, there is currently no litigation pending, or to the knowledge of the University, the Board of Governors, or the Division of Bond Finance threatened, which questions or affects the corporate existence of the Board of Governors or the title of the present officers to their respective offices. The University, the Board of Governors, and the Division of Bond Finance from time to time engage in routine litigation the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the 2019A 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 2019A 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 2019A 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 K.

Continuing Disclosure

The Board of Governors and the University will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2019A 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 of Governors (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 J, Form of Continuing Disclosure Agreement (the "CDA"). This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). Additionally, the Division of Bond Finance has policies and procedures in place to assist the University in complying with disclosure undertakings. The form CDA and the Division's policies and procedures were amended in response to the two new material events that were added, effective February 27, 2019, to the list of events for which notice is required under the Rule.

Neither the Board, the University nor the Division of Bond Finance has failed to make any disclosures required by Rule 15c2-12. However, in March 2016, the Board failed to file a material event notice of a rating downgrade within the prescribed ten business days because neither the University of North Florida nor Standard & Poor's notified the Board or the State of the rating downgrade. The material event notice of the rating downgrade was filed four days late upon the Board and the State learning of the downgrade.

Underwriting

J.P. Morgan Securities LLC (the "Underwriter") has agreed to purchase the 2019A Bonds at an aggregate purchase price of $22,662,923.43 (which represents the par amount of the 2019A Bonds plus an original issue premium of $2,949,909.10 and minus the Underwriters' discount of $91,985.67). The Underwriter may offer and sell the 2019A Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover.

Execution of Official Statement

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

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

J. BEN WATKINS III
Director
Division of Bond Finance

BOARD OF GOVERNORS
OF THE STATE UNIVERSITY SYSTEM

NED C. LAUTENBACH
Chair

APPENDIX A

DEFINITIONS

"2009B Bonds" shall mean the $28,915,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy), issued pursuant to the Third Supplemental Resolution.

"2013A Bonds" shall mean the $48,365,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2013A, issued pursuant to the Fourth and Fifth Supplemental Resolutions.

"2019A Bonds" shall mean the $19,805,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Refunding Bonds, Series 2019A, issued pursuant to the Sixth Supplemental Resolution.

"Additional Parity Bonds" shall mean any obligations hereafter issued pursuant to the terms and conditions of the Resolution and payable from the Pledged Revenues on a parity with the Bonds originally issued thereunder. Such Additional Parity Bonds shall be deemed to have been issued pursuant to the 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 Parity Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to the Resolution, and the Registered Owners of any Additional Parity Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with the Resolution. All of such Additional Parity Bonds, regardless of the time or times of their issuance, shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Pledged Revenues without preference of any Bonds over any other. Additional Parity Bonds shall also include any outstanding indebtedness previously issued with respect to any parking facility which is being added to the Parking System and which is secured by the revenue of such parking facility.

"Administrative Expenses" shall mean, 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" shall mean an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to a subsequent resolution adopted by the Division of Bond Finance and the aggregate of such Amortization Installments for each Series shall equal the aggregate principal of the Term Bonds together with redemption premiums, if any, on the Term Bonds.

"Annual Debt Service Requirement" shall mean, at any time, the amount of money required to pay the interest, principal and Amortization Installment in each Fiscal Year, provided that any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

"Board of Administration" shall mean the State Board of Administration, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution and Chapter 215, Florida Statutes.

"Board of Governors" or "Board" shall mean 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" 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 the Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

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

"Bonds" shall mean the 2009B Bonds, the 2013A Bonds, the 2019A Bonds, and any Additional Parity Bonds issued in accordance with Section 5.01 of the Resolution.

"Current Expenses" shall mean and include all necessary expenses of the Board of Governors or the University incident to the normal operation of the Parking System, but shall exclude depreciation, all general administrative expenses of the Board of Governors or the University, the expenses of operation of auxiliary facilities the revenues of which are not pledged as security for the Bonds and the payments into the Parking 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.

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

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

"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 set forth pursuant to a subsequent resolution of the Division of Bond Finance.

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

"Original Resolution" or "Resolution" shall mean the Resolution authorizing the issuance of the 1995 Bonds adopted on February 28, 1995, as amended and supplemented.

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

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

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

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Resolution 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 thereunder 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 Florida Board of Governors.

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

"Parking System" shall mean (1) the University's existing parking facilities; and (2) such additional parking facilities as at some future date may be added to the Parking System.

"Parking System Maintenance and Equipment Reserve Fund" shall mean the fund required to be created pursuant to Section 4.02(A) of the Resolution.

"Parking System Revenues" shall mean all fees, rentals or other charges and income related to parking, received by the University from students, faculty members, and others using or being served by or having the right to use, or having the right to be served by, the Parking System, and all parts thereof, and specifically including, without limiting the generality of the foregoing, transportation access fees, parking decal fees, towing revenues, parking meter collections, parking fine revenues, interest income, special rental fees and other charges for parking services or parking space provided by the University.

"Pledged Revenues" shall mean the Parking System Revenues after deducting the Current Expenses, the Administrative Expenses, and the Rebate Amount, if any.

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

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

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

"Rebate Fund" shall mean the Rebate Fund created and established pursuant to Section 6.04 of the 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.

"Refunded Bonds" shall mean all or a portion of the Outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy), to be refunded by the Refunding Bonds.

"Refunding Bonds" shall mean the State of Florida, Board of Governors, Florida International University Parking Facility Revenue Refunding Bonds, Series 2019A.

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

"Reserve Account" shall mean the account within the Sinking Fund created pursuant to Section 4.02(A)(2) of the Resolution and which shall include any subaccounts established for a particular Series of Bonds.

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

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

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

"Revenue Fund" shall mean the Florida International University Parking System Revenue Fund created and established pursuant to Section 4.02 of the Resolution.

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

"Sinking Fund" shall mean the Florida International University Parking System Sinking Fund created and established pursuant to Section 4.02(A)(2) of the Resolution.

"Sixth Supplemental Resolution" shall mean the resolution adopted on April 2, 2019, by the Governing Board of the Division of Bond Finance, authorizing the issuance of the Refunding Bonds.

"State" shall mean the State of Florida.

"Term Bonds" shall mean the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Bond Amortization Account in the Sinking Fund as may be provided pursuant to a subsequent resolution of the Division of Bond Finance.

"University" shall mean 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.

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $9,100,000 STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 1995, TO FINANCE THE CONSTRUCTION OF A PARKING 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 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, the State Bond Act; 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 Bonds, an amount equal to the principal amount of such Capital Appreciation Bond at its initial offering plus the accrued interest on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Payment Date next preceding the date of computation or 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 Parity Bonds" shall mean any obligations hereafter issued pursuant to the terms and conditions of this Resolution and payable from the Pledged Revenues on a parity with the 1995 Bonds originally issued hereunder. Such Additional Parity Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Bonds originally authorized and issued pursuant to this Resolution, and all of the applicable covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to this Resolution, and the Registered Owners of any Additional Parity Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with this Resolution. All of such Additional Parity Bonds, regardless of the time or times of their issuance, shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Pledged Revenues without preference of any Bonds over any other. Additional Parity Bonds shall also include any outstanding indebtedness previously issued with respect to any parking facility which is being added to the Parking System and which is secured by the revenue of such parking facility.

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

"Amortization Installment" shall mean an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date provided pursuant to a subsequent resolution adopted by the Division of Bond Finance and the aggregate of such Amortization Installments for each Series shall equal the aggregate principal of the Term Bonds together with redemption premiums, if any, on the Term Bonds.

"Annual Debt Service Requirement" shall mean, at any time, the amount of money required to pay the interest, principal and Amortization Installment in each Fiscal Year, provided that any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

"Auditor General" shall mean the Auditor General of the State of Florida.

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

"Board of Regents" shall mean the Board of Regents of the Division of Universities of the State of Florida Department of Education, as created pursuant to the provisions of Chapter 240, Florida Statutes.

"Bond Amortization Account" shall mean the account within the Sinking Fund created pursuant to Section 4.02(A)(2) of this Resolution.

"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 Co., N.A., New York, New York, or its successor.

"Bonds" shall mean the 1995 Bonds and any Additional Parity Bonds issued in accordance with Section 5.01 hereof.

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

"Completion Bonds" shall mean those Bonds issued pursuant to Section 5.04 of this Resolution to pay the cost of completing the 1995 Project.

"Current Expenses" shall mean and include all necessary expenses of the Board of Regents or the University incident to the normal operation of the Parking System, but shall exclude depreciation, all general administrative expenses of the Board of Regents or the University, the expenses of operation of auxiliary facilities the revenues of which are not pledged as security for the Bonds and the payments into the Parking 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.

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

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

"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 set forth pursuant to a subsequent resolution of the Division of Bond Finance.

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

"1995 Bonds" shall mean the not to exceed $9,100,000 State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995.

"1995 Project" shall mean the parking facility located on the main campus of the Florida International University as previously approved by the Board of Regents and the Legislature, and subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Regents.

"1995 Project Construction Fund" shall mean a trust fund in which shall be deposited the net proceeds of the 1995 Bonds and other available moneys for the construction of the 1995 Project.

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

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

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

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

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

"Parking System" shall mean (1) the University's existing parking facilities located in Miami; (2) the 1995 Project; and (3) such additional parking facilities as at some future date may be added to the Parking System by designation of the Board of Regents.

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

"Parking System Revenues" shall mean all fees, rentals or other charges and income received by the University from the operation of the Parking System, and all parts thereof, and specifically including, without limiting the generality of the foregoing, parking decal sales, towing revenues, parking meter collections, parking fine revenues and interest income.

"Pledged Revenues" shall mean the Parking System Revenues after deducting the Administrative Expenses, the Current Expenses and the Rebate Amount, if any.

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

"Project Costs" shall mean the actual costs of the 1995 Project, including costs of design and construction; materials, labor, parking 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 to the construction and placing in operation of the 1995 Project and the financing thereof.

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

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

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

"Rebate Year" shall mean, with respect to each Series of Bonds issued hereunder, (i) the twelve-month period commencing on the anniversary of the "closing date" in each year and ending on the day prior to the anniversary of the "closing date" in the following year, except that the first Rebate Year shall commence on the "closing date" and the final Rebate Year shall end on the date of final maturity or early redemption or (ii) such other period as regulations promulgated or to be promulgated by the United States Department of Treasury may prescribe. "Closing date" as used herein shall mean the date of delivery of Bonds to the original purchaser thereof.

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

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

"Reserve Account" shall mean the account within the Sinking Fund created pursuant to Section 4.02(A)(2) of this Resolution and which shall include any subaccounts established for a particular Series of Bonds.

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

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

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

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

"Resolution" shall mean this resolution adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the 1995 Bonds.

"Revenue Fund" shall mean the Florida International University Parking System 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 Parking System Sinking Fund created and established pursuant to Section 4.02(A)(2) of this Resolution.

"State" shall mean the State of Florida.

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

"University" shall mean 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 1995 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 1995 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 1995 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 Parking Facility Revenue Bonds, Series 1995" (or such other designation as may be approved by the Division), are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Regents in an aggregate principal amount not to exceed Nine Million One Hundred Thousand Dollars ($9,100,000), for the purpose of financing the construction and equipping of the 1995 Project.

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

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

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

SECTION 2.03. BONDS MAY BE ISSUED AS SERIAL BONDS OR TERM BONDS. The Bonds may be issued as, or as a combination of, Serial Bonds, Term Bonds, Capital Appreciation Bonds or such other type of bonds as shall be determined pursuant to a subsequent resolution of the Division of Bond Finance.

SECTION 2.04. PRIOR REDEMPTION OF THE BONDS. The Bonds shall be subject to redemption as provided in this Resolution and in the Notice of Bond Sale, provided that the Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to amend the redemption provisions of the Bonds in such manner as 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 serial or other distinctive numbers or letters of the Bonds to be redeemed, if less than all, the date fixed for redemption, and the redemption price thereof and, in the case of Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure to give any such notice by mailing to any Registered Owner of Bonds, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been given, whether or not the Registered Owner of such Bond receives such notice.

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

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

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

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; (v) the publication date of the official notice of redemption; (vi) the name and address of the Bond Registrar/Paying Agent; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least thirty-five days before the redemption date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each further notice of redemption shall be published one time in The Bond Buyer of New York, New York or in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty 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, 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 Bondholder 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 Bondholder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses shall be paid before any such new 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 2.07, the Division of Bond Finance reserves the right, on or prior to the delivery of the Bonds, to amend or modify the foregoing provisions relating to registration of the 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 cancelled and retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division of Bond Finance or the Board of Administration, or, at the option of the Division of Bond Finance or the Board of Administration, shall be cancelled and destroyed by the Bond Registrar/Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division of Bond Finance or the Board of Administration.

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

Any such duplicate Bond issued pursuant to this Section 2.10 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
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 1995 PROJECT. The Board of Regents is authorized to cause the construction of the 1995 Project from the proceeds derived from the sale of the 1995 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 1995 BOND PROCEEDS. Upon receipt of the proceeds of the sale of the 1995 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 1995 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 1995 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 in the Reserve Account in the Sinking Fund to be used solely for the purpose of the Reserve Account. Alternatively, the Division of Bond Finance, as provided in Section 4.02(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 in the Sinking Fund, created by this Resolution, and used for the payment of interest on the 1995 Bonds.

(3) After making the transfers provided for in (1) and (2) above, the balance of the proceeds of the Bonds shall be transferred to and deposited into the 1995 Project Construction Fund, which is hereby created in the State Treasury, and used for the purposes of said 1995 Project Construction Trust Fund.

Any unexpended balance remaining in the 1995 Project Construction Fund, after a consulting architect shall certify that the 1995 Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by this Resolution.

In addition to the aforementioned proceeds of the 1995 Bonds, the Board of Regents covenants that it will deposit into the 1995 Project Construction Fund additional funds legally available for such purpose which, together with the proceeds of the 1995 Bonds, will be sufficient to finance the total 1995 Project Costs. Any such additional funds, other than the proceeds of the 1995 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 1995 Project Construction Fund, or in any other construction fund hereafter created for any project hereafter financed in whole or in part from the proceeds of Additional Parity Bonds as provided herein, shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of Bonds issued pursuant to this Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of State funds.

SECTION 3.03. INVESTMENT OF 1995 PROJECT CONSTRUCTION FUND. Any moneys in the 1995 Construction Fund not immediately needed for the purposes provided in this Resolution, may be temporarily invested and reinvested as provided in Section 18.10, Florida Statutes.

ARTICLE IV
APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES

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

(B) The Bonds shall not be or constitute an indebtedness of the State, or any political subdivision thereof or any instrumentality thereof, but shall be payable solely from the Pledged Revenues, as provided herein. No Registered Owner or 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 PARKING SYSTEM REVENUES. (A) Upon collection the Parking System 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 account held by the State Treasurer. This separate account shall be known as the "Florida International University Parking System Revenue Fund" (hereinafter referred to as the "Revenue Fund") which is hereby created. Said fund constitutes a trust fund for the purposes provided in this Resolution, and shall be kept separate and distinct from all other funds of the University and the Board of Regents and used only for the purposes and in the manner provided in this Resolution. All revenues on deposit at any time in the Revenue Fund shall be applied only in the following manner and order of priority:

(1) first, for payment of Current Expenses of the University Parking 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 which funds shall be deposited into the Bond Amortization Account which is hereby created;

(c) for the maintenance and establishment, if necessary, together with other moneys available for such purposes, of the Reserve Account, or sub-accounts therein, in the Sinking Fund in an amount equal to the 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 remain in the Sinking Fund to be used for the purposes thereof.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Board of Regents may at any time cause to be deposited into one or more sub-accounts in the Reserve Account, a Reserve Account Credit Facility for the benefit of the Registered Owners for which such sub-account has been established, in an amount which, together with sums on deposit, equals the Reserve Requirement. The Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be, on or before any Interest Payment Date or Principal Payment Date on which a deficiency exists which cannot be cured by funds in any other account held for such Bonds pursuant to this Resolution and available for such purpose. In no event shall the use of such Reserve Account Credit Facility be permitted if it would cause, at the time of acquisition of such Reserve Account Credit Facility, an impairment in any existing rating on the Bonds or any Series of Bonds.

If a disbursement is made under the Reserve Account Credit Facility, the Board of Regents shall be obligated, from the first Pledged Revenues available, to either reinstate such Reserve Account Credit Facility, immediately following such disbursement to the amount required to be maintained in the Reserve Account or to deposit into the applicable sub-account in the Reserve Account from the Pledged Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility plus any amounts required to reimburse the Reserve Account Credit Facility provider for previous disbursements made pursuant to such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the amount required to be maintained.

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

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

Any moneys in a sub-account in the Reserve Account in excess of the amount required to be maintained therein shall first be used to cure any deficiency in any other sub-account in the Reserve Account and any remaining monies shall remain in the Sinking Fund; 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 Parking System Maintenance and Equipment Reserve Fund to be established by the University in a separate account in a bank approved by the Board of Regents and the State Treasurer. Amounts required by this Resolution to be deposited into the Parking System Maintenance and Equipment Reserve Fund shall be as approved in the annual budget of the University pursuant to Section 8.11 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 Parking 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 Parking 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 Parking 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, Florida Statutes. 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 PARITY BONDS AND REFUNDING REQUIREMENTS

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

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

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

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

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

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

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

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

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

(G)(1) The average amount of Pledged Revenues for the two immediately preceding Fiscal Years adjusted as hereinafter provided, as certified by the Board of Regents or other appropriate State official pursuant to (E)(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 Parity Bonds then proposed to be issued;

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

(a) If the Board of Regents or the University, prior to the issuance of the proposed Additional Parity Bonds, shall have increased the rates, fees, rentals or other charges for the services or facilities of the Parking System, the average amount of Pledged Revenues for the two immediately preceding Fiscal Years prior to the issuance of said Additional Parity Bonds shall be adjusted to show the Pledged Revenues which would have been derived from the Parking System as if such increased rates, fees, rentals or other charges for the services or facilities of the Parking System had been in effect during all of such two preceding Fiscal Years.

(b) If the Board of Regents or the University shall have acquired or shall have contracted to acquire any privately or publicly owned existing parking facility, then the average amount of Pledged Revenues derived from the Parking System during the two immediately preceding Fiscal Years prior to the issuance of said Additional Parity Bonds as certified by the Board of Regents or other appropriate State official, shall be increased by adding to the Pledged Revenues for said two preceding Fiscal Years the net revenues which would have been derived from the existing parking facility so acquired as if such existing parking facility had been a part of the Parking System during such two Fiscal Years. For the purposes of this paragraph, the revenues derived from said existing parking 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 parking facility from the gross revenues of said parking 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.

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

SECTION 5.02. REFUNDING BONDS. The Bonds originally issued pursuant to this Resolution then Outstanding, together with all Additional Parity Bonds theretofore issued and then Outstanding, may be refunded as a whole or in part. 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 Section 5.01(G) of this Resolution shall not apply to the issuance of the refunding Bonds.

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division of Bond Finance covenants that it will not issue any other obligations, except Additional Parity Bonds provided for in Section 5.01 hereof, refunding Bonds provided for in Section 5.02 hereof, or Completion Bonds provided for in Section 5.04 hereof, payable from the Pledged Revenues nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds, 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.

SECTION 5.04. COMPLETION BONDS. The Board of Regents and the Division of Bond Finance may issue Additional Parity Bonds for the purpose of completing the project being financed by the 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 Bonds.

ARTICLE VI
COVENANTS

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 Rebate Amounts, if any, in the manner provided in this Resolution and the Registered Owners of the Bonds shall have a valid and enforceable senior lien on such Pledged Revenues in the manner provided herein.

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

(A) That it will punctually 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 Parking 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 Parking System which will produce sums sufficient to pay, when due, the requirements as set forth under this Resolution.

(D) That it will continue to collect the fines, fees, rentals and other amounts charged all individuals being served by the facilities of the Parking 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 Parking System, and revise the same from time to time whenever necessary, so that the Parking 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) The Board of Regents will increase such fees, rentals or other charges as shall be necessary to comply with the provisions of subsection (A), provided that such increase will not result in a reduction of Parking System Revenues for the then current or any future Fiscal Year.

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

SECTION 6.04. COMPLIANCE WITH TAX REQUIREMENTS: REBATE FUND. (A) In addition to any other requirement contained in this Resolution, the Division of Bond Finance, the Board of Regents, and the Board of Administration hereby covenant and agree, for the benefit of the Registered Owners from time to time of the Bonds, that each will comply with the requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder (the "Code") as shall be set forth in the non-arbitrage certificate of the Board of Regents dated and delivered on the date of 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 Parking System Revenues and any other legally available funds, at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess (the "Rebate Amount");

(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 Rebate Year within thirty days after the end of such Rebate Year and within thirty days after the final maturity of each such Series of Bonds. On or before the expiration of each such thirty day period, the Board of Regents shall deposit or direct the Board of Administration to deposit into the Rebate Fund which is hereby created and established in the Board of Administration, from investment earnings or moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Board of Regents, an amount equal to the Rebate Amount for such Rebate Year. The Board of Administration shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by subsection (A) of this section, and as directed by the Board of Regents, which payments shall be made in installments, commencing not more than thirty days after the end of the fifth Rebate 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 thirty days after the final maturity of the last obligation of the Series of Bonds issued hereunder. In complying with the foregoing, the Division of Bond Finance and the Board of Regents may rely upon any instructions or opinions from a nationally recognized bond/tax counsel.

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

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

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

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

The Division of Bond Finance, the Board of Administration, and the Board of Regents shall not be required to continue to comply with the requirements of this section in the event that the Division of Bond Finance and the Board of Administration receive an opinion of nationally recognized bond/tax counsel that (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 ninety days after the end of each Fiscal Year, the University will prepare a financial statement of the Parking System for the preceding Fiscal Year, reflecting in reasonable detail the financial condition and record of operation of the Parking 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 Parking 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.

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. Nothing herein, however, shall be construed to grant to any Registered Owner of the Bonds any lien on the Parking 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. LEASE OF PARKING SYSTEM. The Board of Regents may lease, from time to time, to other tenants such portion or portions of the Parking System as are not needed by the Board of Regents, to the extent that any such lease would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 8.02. MODIFICATION OR AMENDMENT. Except as otherwise provided in the second and third 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 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.

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

The Resolution may be amended, changed, modified and altered without the consent of the Registered Owners of Bonds, (i) to cure any defect, omission, conflict, or ambiguity in this Resolution or between the terms and provisions hereof and any other document executed or delivered herewith, (ii) to provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds including, but not limited to, Capital Appreciation Bonds, and any other Bonds which may be issued hereunder, which will not adversely affect the interest of such Registered 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 this Resolution, (ix) to specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Resolution and which shall not adversely affect the interests of the Registered Owners, and (x) to amend or modify any provisions of this Resolution so long as such amendment or modification does not adversely affect the interests of the Registered Owners.

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 the Bonds in any one or more of the following ways:

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

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

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

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

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

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

SECTION 8.06. INSURANCE. The Board of Regents will carry such insurance on the Parking System as is required by the State or is ordinarily and customarily carried on similar systems as the Parking System with a reputable insurance carrier or carriers, including public liability insurance and such other insurance against loss or damage by fire, explosion, hurricane, cyclone or other hazards and risks, or the Board of Regents may establish certain minimum levels of insurance for which the Board of Regents may self-insure.

SECTION 8.07. 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 $9,100,000), in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five (5) years from the date of issue) and may be subject to such conditions and terms as the Division of Bond Finance shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Division of Bond Finance adopted at or before sale of the Notes, in accordance with Section 215.68(7), Florida Statutes.

SECTION 8.08. CAPITAL APPRECIATION BONDS. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the amount of the Maximum Annual Debt Service and of Bonds held by the Registered Owner of a Capital Appreciation Bond in giving any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 8.09. 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 8.10. 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 8.11. ANNUAL BUDGETS. The Board of Regents shall annually, at least ninety days preceding the beginning of each Fiscal Year, or at any other time as requested by the Board of Administration, prepare a detailed budget providing reasonable estimates of the estimated Current Expenses of the University during the succeeding Fiscal Year and setting forth the amount to be deposited in the Parking System Maintenance and Equipment Reserve Fund. The budget shall be adopted by the Board of Regents and shall not be changed during the Fiscal Year except by the same procedure by which it was adopted. Copies of the annual budget and any changes therein shall be filed with the Board of Administration and, upon request, mailed to any Bondholder. The Board of Regents shall request sufficient funds in the annual budget adopted as required in this section to provide the payment of all Administrative Expenses, Current Expenses, and amounts required to be deposited in the Parking System Maintenance and Equipment Reserve Fund as set forth herein.

SECTION 8.12. 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 8.13. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

SECTION 8.14. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED on February 28, 1995.

A RESOLUTION (THE SECOND SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $26,905,000 STATE OF FLORIDA, FLORIDA BOARD OF EDUCATION, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 2002, TO FINANCE THE CONSTRUCTION OF PARKING FACILITIES AT FLORIDA INTERNATIONAL UNIVERSITY, SUCH BONDS TO BE ISSUED PURSUANT TO THE TERMS AND CONDITIONS OF A RESOLUTION ADOPTED ON FEBRUARY 28, 1995 ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $9,100,000 STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 1995, ETC".; CANCELING THE AUTHORITY FOR THE UNISSUED PORTION OF THE STATE OF FLORIDA, BOARD OF REGENTS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 1999; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION THEREWITH; AMENDING SECTIONS 1.02 AND 6.02 OF THE ORIGINAL RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA ON BEHALF OF AND IN THE NAME OF THE FLORIDA BOARD OF EDUCATION.

ARTICLE I
DEFINITIONS, AUTHORITY AND FINDINGS

SECTION 1.01. DEFINITIONS. All of the definitions contained in Article I of the Original Resolution (as defined herein), in addition to the definitions contained herein and except to the extent inconsistent with or amended by definitions contained herein, shall apply fully to the Outstanding Bonds and to the 2002 Bonds (as defined herein).

"1999 Bonds" means the $7,530,000 State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1999, dated October 1, 1999, issued by the Division of Bond Finance on November 23, 1999.

"1999 Project" means the parking facility constructed on the campus of the University with the proceeds of the 1999 Bonds.

"2002 Bonds" means the State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002.

"2002 Project" means the construction of parking facilities (Parking Garages Three and Four) at Florida International University as previously approved by the Legislature, subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Education. The 2002 Project was approved by the Board of Education on November 19/20, 2001.

"2002 Project Construction Fund" means a trust fund held by the State Treasurer in which shall be deposited the net proceeds of the 2002 Bonds and other available moneys for the construction of the 2002 Project.

"Board of Education" means the Florida Board of Education, a body corporate, established pursuant to Chapter 229, Florida Statutes, as amended, which corporate body was the recipient transferee of certain powers, duties, and existing contracts, of the Board of Regents, which latter board was abolished on July 1, 2001, by Section 3 of the Reorganization Act. On January 7, 2003, pursuant to Chapter 2002-387, Laws of Florida, the Board of Education will become the State Board of Education authorized by Article IX, Section 2 of the Florida Constitution.

"Board of Regents" means the Board of Regents of the Division of Universities of the State of Florida Department of Education, as originally created pursuant to the provisions of Chapter 240, Florida Statutes, and subsequently abolished by Section 3 of the Reorganization Act.

"Completion Bonds" means those bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2002 Project.

"Original Resolution" means the resolution adopted on February 28, 1995 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance, as amended and supplemented from time to time, authorizing the issuance of the Bonds.

"Parking System" means the facilities enumerated in the Original Resolution, the 1999 Project and the 2002 Project.

"Project Costs" means the actual costs of the 2002 Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 2002 Project; interest on the 2002 Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Education necessary to the construction and placing in operation of the 2002 Project and the financing thereof.

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

"Reorganization Act" means Chapter 2001-170, Florida Statutes, which, *inter alia*, transferred the powers, duties, and existing contracts of the Board of Regents to the Board of Education.

"Second Supplemental Resolution" means this resolution authorizing the issuance of the 2002 Bonds.

"State Board of Education" means the corporate body identified in Article IX, Section 2 of the Florida Constitution as the state board of education. In accordance with Chapter 2002-387, Laws of Florida, effective January 7, 2003, the Florida Board of Education will become the State Board of Education and as such will be responsible for all existing bond obligations of the Florida Board of Education and its predecessor, the Board of Regents. By such law, the State Board of Education will have all powers necessary to carry out and effectuate the issuance of bonds pursuant to Article VII, Section 11(d), of the Florida Constitution.

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 Second Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes (the "State Bond Act"); Chapters 229, 240, and 243, Florida Statutes; , Chapter 2002-387, Laws of Florida; Section 5.01 of the Original Resolution; and other applicable provisions of law and is supplemental to the Original Resolution.

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

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

(B) The construction of the 2002 Project at the University is necessary, desirable and in the best interest of the University.

(C) The Board of Education adopted a resolution on November 19/20, 2001, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the 2002 Bonds.

(D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 2002 Project.

(E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue the 2002 Bonds on behalf of the Board of Education to finance the 2002 Project.

(F) The 2002 Project shall be the construction of parking facilities substantially in accordance with the plans and specifications as may be approved by the Board of Education from time to time.

(G) As required by Article VII, Section 11(f) of the Florida Constitution, the Florida Legislature approved the 2002 Project during Special Session E of the 2002 Legislature in Section 11, Items 29 and 30 of Chapter 2002-394, Laws of Florida.

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

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

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

(K) The Division of Bond Finance, pursuant to the statutes and constitutional provisions herein cited, is authorized to issue the 2002 Bonds, on behalf of, and in the name of the Board of Education, subject to the terms, limitations and conditions contained in this Second Supplemental Resolution.

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

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

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance by the Registered Owners of the 2002 Bonds, the Original Resolution as amended and supplemented by this Second Supplemental Resolution shall be and shall constitute a contract among the Division of Bond Finance, the Board of Education, the University, and such Registered Owners. The covenants and agreements to be performed by the Board of Education 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 2002 Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such bonds over any other thereof, except as expressly provided in the Original Resolution and this Second Supplemental Resolution.

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

SECTION 2.01. AUTHORIZATION OF 2002 BONDS. Subject and pursuant to the provisions of this Second Supplemental Resolution and the Original Resolution, fully registered revenue bonds of the Board of Education to be known as "State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002" (or such other designation as may be provided by the Director of the Division) are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Education in an aggregate principal amount not exceeding $26,905,000, for the purpose of financing the construction, furnishing and equipping of the 2002 Project as described herein.

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. The description, terms, redemption, execution, negotiability, registration, transfer, authentication, disposition, replacement, issuance, and form of the 2002 Bonds shall be governed by the provisions of Article II of the Original Resolution.

ARTICLE III
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2002 PROJECT. The Board of Education is authorized to construct the 2002 Project from the proceeds of the sale of the 2002 Bonds and other legally available funds, subject to the provisions of this Second Supplemental Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF 2002 BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the 2002 Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the 2002 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 2002 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 Board of Education, as provided in Section 4.02(A)(2) of the Original Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited into the Sinking Fund, created by the Original Resolution, and used for the payment of interest on the 2002 Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the 2002 Bonds shall be transferred to and deposited into the 2002 Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 2002 Project Construction Fund, after a consulting architect shall certify that the 2002 Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by the Original Resolution.

In addition to the aforementioned proceeds of the 2002 Bonds, the Board of Education covenants that it will deposit into the 2002 Project Construction Fund additional funds legally available for the purposes of such Fund which, together with the proceeds of the 2002 Bonds, will be sufficient to finance the total 2002 Project Costs. Any such additional funds, other than the proceeds of the 2002 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 Second Supplemental Resolution.

All moneys in said 2002 Project Construction Fund shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of 2002 Bonds issued pursuant to this Second Supplemental Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount. All moneys in the 2002 Project Construction Fund 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 2002 PROJECT CONSTRUCTION FUND. Any moneys in the 2002 Construction Fund not immediately needed for the purposes provided in this Second Supplemental Resolution, may be temporarily invested and reinvested as provided in Section 18.10, Florida Statutes.

ARTICLE IV
SECURITY FOR THE 2002 BONDS;
COMPLETION BONDS

SECTION 4.01. 2002 BONDS ON A PARITY WITH THE OUTSTANDING BONDS. The 2002 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues, and in all other respects, with the Outstanding Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The 2002 Bonds shall be deemed to have been issued pursuant to the Original Resolution as fully and to the same extent as the Outstanding Bonds and all of the covenants and agreements contained in the Original Resolution shall be deemed to have been made for the benefit of the Registered Owners of the 2002 Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds.

All of the covenants, agreements, and provisions of the Original Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Second Supplemental Resolution to the same extent as if incorporated verbatim in this Second Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution by any of the Registered Owners of the 2002 Bonds.

SECTION 4.03. COMPLETION BONDS. The Board of Education and the Division of Bond Finance need not comply with Section 5.01 of the Original Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 2002 Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 2002 Project at the time of the original issuance of the 2002 Bonds.

ARTICLE V
MISCELLANEOUS

SECTION 5.01. AMENDMENT OF ORIGINAL RESOLUTION. The Original Resolution is hereby amended as follows, effective upon compliance with the requirements of Section 8.02 of the Original Resolution. Language to be added to the Original Resolution is indicated by underlining, and language to be deleted from the Original Resolution is indicated by ~~strike-throughs~~.

(A) Section 1.02 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:

. . .

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

. . .

"Parking System Revenues" shall mean all fees, rentals or other charges and income related to parking, received by the University from ~~the operation of~~ students, faculty members, and others using or being served by or having the right to use, or having the right to be served by, the Parking System, and all parts thereof, and specifically including, without limiting the generality of the foregoing, transportation access fees, parking decal ~~sales~~ fees, towing revenues, parking meter collections, parking fine revenues, ~~and~~ interest income, special rental fees and other charges for parking services or parking space provided by the University.

(B) Section 6.02 of the Original Resolution is hereby amended to simplify certain covenants regarding Pledged Revenues as follows:

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

. . .

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

(D) That it will continue to collect the ~~fines, fees, rentals and other amounts charged all individuals being served by the facilities of the~~ Parking System Revenues at the rates which are in effect at any particular time.

SECTION 5.02. RESOLUTION NOT ASSIGNABLE. This Second Supplemental Resolution shall not be assignable by the Division of Bond Finance or the Board of Administration, except for the benefit of the Registered Owners; provided, however, the Board of Education may lease, from time to time, to other tenants such portion or portions of the Parking System as are not needed by the Board of Education, to the extent that any such lease would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 5.03. MODIFICATION OR AMENDMENT. Modification or amendment hereof shall be governed by Section 8.02 of the Original Resolution.

SECTION 5.04. CONTINUING DISCLOSURE. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Education hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Director of the Division of Bond Finance, in conjunction with the appropriate officer of the Board of Education, 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 5.05. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Second 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 Second Supplemental Resolution or of the bonds issued hereunder and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Second Supplemental Resolution or of the bonds issued hereunder.

SECTION 5.06. FISCAL AGENT. Upon the sale and delivery of the 2002 Bonds by the Division of Bond Finance on behalf of the Board of Education, the Board of Administration shall act as the fiscal agent for the Board of Education with respect to the 2002 Bonds.

SECTION 5.07. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the 2002 Bonds pursuant to Chapter 75, Florida Statutes.

SECTION 5.08. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Second Supplemental Resolution, to the extent that they are inconsistent with this Second Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies. The authority for the issuance and delivery of the unissued portion of the State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1999, is hereby canceled.

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

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

ADOPTED on June 12, 2002.

A RESOLUTION OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA AUTHORIZING THE SALE OF NOT EXCEEDING $26,905,000 STATE OF FLORIDA, FLORIDA BOARD OF EDUCATION, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 2002; AMENDING THE ORIGINAL RESOLUTION WITH RESPECT TO BOND INSURERS; CANCELING PREVIOUSLY AUTHORIZED BUT UNISSUED BONDS; PROVIDING 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:

Section 1. The not exceeding $26,905,000 State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002 (the "2002 Bonds") authorized by resolutions adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida (the "Division"), on February 18, 1995, (the "Original Resolution"), as supplemented and amended on June 12, 2002 (by the "Second Supplemental Resolution") (collectively, the "Resolution"), are hereby authorized to be sold at public sale on the date and at the time to be set out in the Notice of Bond Sale to be published as provided in this resolution. The designation of the 2002 Bonds may be changed at the discretion of the Director of the Division; such bonds may be sold and issued in one or more series, provided that, if sold in more than one series, the designation of each series (including a change of year designation, if desirable) shall be determined by the Director of the Division, and each series shall be numbered consecutively from one upwards. The 2002 Bonds may be sold separately or combined with any other Florida Board of Education bond issues authorized by the Governing Board to be sold.

Proposals for purchase of the 2002 Bonds will be received at the office of the Division, 1801 Hermitage Boulevard, Hermitage Centre, Suite 200, Tallahassee, Florida, or at another location designated in the Notice of Bond Sale, from the time that the Notice of Bond Sale is published until the time and date of sale specified or provided for in such Notice of Bond Sale.

Section 2. The Director of the Division is hereby authorized to determine the most advantageous date and time of sale and to publish the Notice of Bond Sale of the 2002 Bonds, or an abbreviated version thereof, in *The Bond Buyer*, New York, New York, 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 of the Division; 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 2002 Bonds may again be offered for sale upon reasonable notice, the timing and manner of which shall be determined by the Director of the Division. Any prior publication of a Notice of Bond Sale, or abbreviated version thereof, is hereby ratified.

Section 3. The Director of the Division is hereby authorized to publish and distribute the Notice of Bond Sale and a proposal for the sale of the 2002 Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director of the Division and shall contain such information as required by applicable law. Any prior distribution of a Notice of Bond Sale and proposal for sale is hereby ratified.

Section 4. The Director of the Division is hereby authorized to prepare and distribute Preliminary and Final Official Statements in connection with the public offering of the 2002 Bonds. The Director of the Division 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 are hereby authorized to execute the Final Official Statement in connection with the public offering of the 2002 Bonds, and the execution thereof 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.

Section 5. The Director of the Division 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 2002 Bonds printed and distributed; to contract with national rating services; 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 2002 Bonds. Any prior printing and distribution of a Preliminary Official Statement is hereby ratified.

Section 6. The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said 2002 Bonds when offered, on his or her 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 Assistant Secretary of the Division shall report such sale to this Board after award of the 2002 Bonds. The Director or Assistant Secretary of the Division are authorized to deliver such 2002 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 2002 Bonds as provided by the Resolution and other proceedings authorizing the issuance of the 2002 Bonds.

Section 7. The 2002 Bonds shall be executed in the name of the Florida Board of Education by its Chairman, and attested to by its Secretary, or, in either case, by such other person authorized by the Florida Board of Education, and the corporate seal of the Florida Board of Education or a facsimile thereof may 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 Florida Board of Education 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.

Section 8. Until definitive obligations are ready for delivery, there may be executed and delivered to the purchasers, in lieu of definitive obligations and subject to the same limitations and conditions, one or more temporary 2002 Bonds, in one or more denominations totaling the aggregate principal amount of the 2002 Bonds to be issued, maturing in installments and bearing interest with respect to each installment, in substantially the same tenor as otherwise herein authorized for the 2002 Bonds, and with such omissions, insertions and variations as may be required. If temporary obligations are issued, the definitive obligations will be prepared and executed and, upon presentation of temporary obligations, the Director of the Division shall provide for cancellation of the temporary obligations and deliver to the holders thereof definitive obligations of an equal aggregate principal amount, bearing appropriate characteristics as herein authorized and as sold to the purchasers thereof. Until so exchanged, the temporary obligations shall in all respects be entitled to the same benefit and security as the definitive obligations. Interest and principal installments on the temporary obligations, when due and payable, if the definitive obligations are not then ready for exchange, shall be paid upon presentation of the temporary obligations to the Registrar/Paying Agent, and notation of such payment shall be endorsed thereon. The temporary obligations shall be in such form and denominations as shall be determined by the Director of the Division, and shall be executed by the officers who will execute the definitive obligations, which execution is hereby authorized.

Section 9. State Street Bank and Trust Company, N.A., is hereby designated as bond registrar and paying agent for the 2002 Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the State Board of Administration of Florida and State Street Bank and Trust Company, N.A.

Section 10. The Interest Payment Dates and the Principal Payment Dates for the 2002 Bonds shall be as set forth in the Notice of Bond Sale.

Section 11. The 2002 Bonds shall be dated, shall mature in such years and amounts and shall be subject to redemption as set forth in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this resolution. In no event, however, shall the principal amount of the 2002 Bonds exceed $26,905,000. The 2002 Bonds shall be payable at the corporate trust office of State Street Bank and Trust Company, N.A., New York, New York, or its successors.

Section 12. Amounts deposited into the Reserve Account attributable to the 2002 Bonds may be commingled with the amounts therein for other bonds or certificates which are on a parity with the 2002 Bonds and shall be held for the benefit of the Registered Owners of the 2002 Bonds and such other bonds or may be held in a separate subaccount for the benefit of only the Registered Owners of the 2002 Bonds.

The reserve requirement with respect to the 2002 Bonds shall be the amount necessary to make the amount on deposit in the Reserve Account equal to the lesser of (1) the Maximum Debt Service Requirement with respect to the 2002 Bonds and all other bonds secured by the Reserve Account securing the 2002 Bonds, or (2) the maximum amount permitted under applicable provisions of the Code. The deposit to the Reserve Account made with respect to the 2002 Bonds shall be funded with proceeds of the 2002 Bonds or a Reserve Account Credit Facility (as provided for in the Resolution), or some combination thereof, as determined by the Director of the Division.

Section 13. The Director of the Division is hereby authorized to offer for sale a lesser principal amount of 2002 Bonds than that set forth in this resolution and to adjust the maturity schedule and redemption provisions for the 2002 Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required.

Section 14. The Director of the Division is authorized to provide in the Notice of Bond Sale of the 2002 Bonds that the purchase price for the 2002 Bonds may include a discount of not to exceed 3% excluding original issue discount, if any, of the aggregate principal amount of such 2002 Bonds offered for sale.

Section 15. The Chairman and Secretary and any Assistant Secretary of the Governing Board and the Director of the Division, and such other officers and employees of the Division as may be designated by this Board as agents of the Division in connection with the issuance and delivery of the 2002 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 2002 Bonds.

Section 16. That, notwithstanding anything contained in the Resolution to the contrary, it is the intent of the Governing Board that interest on the 2002 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 the 2002 Bonds, or any series thereof, 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 2002 Bonds and each series thereof to comply with such requirements of federal tax law.

Section 17. In order to clarify the rights of the issuer of a Bond Insurance Policy with respect to the Bonds, the Original Resolution is hereby amended as follows. Language to be added to the Original Resolution is underlined; language to be deleted from the Original Resolution is ~~stricken-through~~.

(A) The definition of "

> **"Outstanding"** shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:
>
> . . . .
>
> (v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

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

> (C) For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy for Bonds issued after September 10, 2002, shall be deemed the sole owner of Bonds it has insured, provided that the issuer of such Bond Insurance Policy has not failed to comply with its payment obligations under the Bond Insurance Policy and the ratings on the insured Bonds, based on the Bond Insurance Policy, are no lower than the "A" category, including any rating modifiers, by each Rating Agency which has rated such Bonds.

(C) Section 8.05 of the Original Resolution is amended by adding Subsection (G) thereto, to read as follows:

> **SECTION 8.05 DEFEASANCE.**
>
> . . . .
>
> (G) Notwithstanding the foregoing, the covenant, liens and pledges entered into, created or imposed pursuant to this Resolution shall not be discharged and satisfied with respect to any of the Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount so paid has not been reimbursed to the issuer of such Bond Insurance Policy (or monies have not been deposited as set forth above to provide for payment of such amounts). The bond insurer shall be subrogated to the rights of the Registered Owners of Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

Section 18. As amended by this resolution, the Original Resolution is in all respects ratified and confirmed.

Section 19. All prior or concurrent resolutions or parts of resolutions inconsistent with this resolution are hereby amended by this resolution, including the Notice of Bond Sale, but only to the extent of any such inconsistency.

Section 20. In accordance with Section 5.01(B) of the Original Resolution, all previously granted authority to issue State of Florida, Florida International University Parking Facility Revenue Bonds is hereby canceled, except for the authority to issue not exceeding $26,905,000 State of Florida, Florida International University Parking Facility Revenue Bonds, Series 2002, which was granted on June 12, 2002.

Section 21. In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Florida Board of Education hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

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

Section 22. This resolution shall take effect immediately.

ADOPTED on September 10, 2002.

APPENDIX E

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

**A RESOLUTION
(THE THIRD SUPPLEMENTAL RESOLUTION)
AUTHORIZING THE ISSUANCE OF
NOT EXCEEDING $32,000,000
STATE OF FLORIDA, BOARD OF GOVERNORS,
FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS
SERIES 2009A**

September 15, 2009

A RESOLUTION (THE THIRD SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $32,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 2009A; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION WITH SAID ISSUANCE; CANCELING THE AUTHORITY FOR UNISSUED PREVIOUSLY AUTHORIZED BONDS; AMENDING THE ORIGINAL RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

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

ARTICLE I
DEFINITIONS, AUTHORITY AND FINDINGS

SECTION 1.01. DEFINITIONS. All of the definitions contained in Article I of the Original Resolution (as defined herein), in addition to the definitions contained herein and except to the extent inconsistent with or amended by definitions contained herein, shall apply fully to the Series 1995 Bonds, the Series 1999 Bonds, the Series 2002 Bonds, and the Series 2009A Bonds (as such terms are hereinafter defined).

"1999 Project" means the parking facility constructed on the campus of the University with the proceeds of the Series 1999 Bonds.

"2002 Project" means the parking facility constructed on the campus of the University with the proceeds of the Series 2002 Bonds.

"2009A Project" means the construction of a parking garage on the Miami campus of the Florida International University, as approved by the Board of Governors, subject to any deletions, modifications or substitutions deemed necessary and expedient and approved by resolution of the Board of Governors.

"2009A Project Construction Fund" means a trust fund held in the State Treasury in which shall be deposited the net proceeds of the Series 2009A Bonds and other available moneys for the construction of the 2009A Project.

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

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

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

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

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

"Completion Bonds" means those Bonds issued pursuant to Section 5.04 of the Original Resolution to pay the cost of completing the 2009A Project.

"Director" means the Director of the Division of Bond Finance and shall include any Assistant Secretary to whom the Director delegates authority.

"Original Resolution" means the resolution adopted on February 28,1995 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 1995 Bonds, as amended by the Second Supplemental Resolution and the Series 2002 Bonds Sale Resolution.

"**Parity Bonds**" means the Series 1995 Bonds, the Series 1999 Bonds, the Series 2002 Bonds, the Series 2009A Bonds and subsequent series of Bonds issued on a parity therewith in accordance with Section 5.01 of the Original Resolution.

"Parking System" means the facilities enumerated in the Original Resolution, the 1999 Project, the 2002 Project, and the 2009A Project.

"Project Costs" means the actual costs of the 2009A Project, including costs of design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; roadway and parking facilities; the acquisition of all lands or interests therein, and all other property, real or personal, appurtenant to or useful in the 2009A Project; interest on the 2009A Bonds for a reasonable period after date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division of Bond Finance, the Board of Administration, the University, or the Board of Governors necessary to the construction and placing in operation of the 2009A Project and the financing thereof.

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

"Second Supplemental Resolution" means the resolution adopted on June 12, 2002 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 2002 Bonds and amending the Original Resolution.

"Series 1995 Bonds" means the $7,780,000 State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1995.

"Series 1999 Bonds" means the $7,530,000 State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds, Series 1999.

"Series 2002 Bonds" means the $22,915,000 State of Florida, Florida Board of Education, Florida International University Parking Facility Revenue Bonds, Series 2002.

"Series 2002 Bonds Sale Resolution" means the resolution adopted on September 10, 2002 by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the sale of the Series 2002 Bonds and amending the Original Resolution.

"Series 2009A Bonds" means the not exceeding $32,000,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009A authorized by this Third Supplemental Resolution.

"Third Supplemental Resolution" means this resolution authorizing the issuance of the Series 2009A 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 Third Supplemental Resolution is adopted pursuant to the provisions of Article VII, Sections 11 (d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes (the "State Bond Act"); Section 1010.62, Florida Statutes; other applicable provisions of law; the Original Resolution; and any other applicable laws, and constitutes a resolution authorizing bonds pursuant to the State Bond Act.

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

(A) The Board of Governors is authorized to acquire, own, construct, operate, maintain, improve and extend public buildings and facilities for use by any of the several State universities, and to finance such improvements; and the Board of

Governors is further authorized to pay the principal of and interest on obligations issued on its behalf to finance the construction and acquisition of such improvements.

(B) The construction of the 2009A Project at the University is necessary, desirable and in the best interest of the University.

(C) The Board of Governors has adopted a resolution on June 18, 2009, requesting the Division of Bond Finance to take the necessary actions required for the issuance of the State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009A.

(D) The State at this time is without immediately available funds to make the capital outlay necessary for the construction of the 2009A Project.

(E) Pursuant to the State Bond Act, the Division of Bond Finance is authorized to issue, on behalf of the Board of Governors, the Series 2009A Bonds to finance the 2009A Project.

(F) The 2009A Project shall be the construction of a parking garage substantially in accordance with the plans and specifications as may be approved by the Board of Governors from time to time.

(G) As required by Article VII, Section 11(f) of the Florida Constitution, the Florida Legislature has approved the 2009A Project pursuant to Section 1010.62(7), Florida Statutes.

(H) The principal of and interest on the Series 2009A Bonds, and all of the reserve, sinking fund and other payments provided for herein, will be payable solely from the Pledged Revenues accruing to and to be received by the Board of Governors or the University in the manner provided by the Original Resolution and this Third Supplemental Resolution.

(I) The Series 2009A Bonds will be secured on a parity as to the lien on the Pledged Revenues with the Series 1995 Bonds, the Series 1999 Bonds, the 2002 Bonds, and any additional parity bonds, when and if issued.

(J) The Series 2009A Bonds shall not constitute, directly or indirectly, a debt or a charge against the State of Florida or any political subdivision thereof, but shall be revenue bonds within the meaning of Article VII, Section 11(d), Florida Constitution, and shall be payable solely from funds derived directly from sources other than state tax revenues.

(K) Pursuant to the statutes and constitutional provisions herein cited, including Sections 215.59, 215.64, and 215.79, Florida Statutes, the Division of Bond Finance is authorized to issue the Series 2009A Bonds, subject to the terms, limitations and conditions contained in this Third Supplemental Resolution.

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

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

SECTION 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2009A Bonds by the Registered Owners, this Third Supplemental Resolution and the Original Resolution shall be deemed to be and shall constitute a contract among the Division of Bond Finance, the Board of Governors, the University and such Registered Owners. The covenants and agreements to be performed by the Board of Governors and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Series 1995 Bonds, the Series 1999 Bonds, the Series 2002 Bonds, and the Series 2009A 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 in the Original Resolution and this Third Supplemental Resolution.

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

SECTION 2.01. AUTHORIZATION OF SERIES 2009A BONDS. Subject and pursuant to the provisions of this Third Supplemental Resolution and the Original Resolution, fully registered revenue bonds of the Board of Governors to be known as "State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009A" (or such other designation as may be determined by the Director), are hereby authorized to be issued by the Division of Bond Finance on behalf of the Board of Governors in an aggregate principal amount not exceeding $32,000,000, for the purpose of financing the construction, furnishing and equipping of the 2009A Project as described herein. Such bonds may be sold and issued in one or more series, and in combination with other Florida International University Parking Facility Revenue Bonds; provided that the actual designation of any series of such bonds, whether sold in one or more than one series (including a change of year designation, if desirable), and whether such bonds or any portion thereof are to be taxable or tax-exempt, shall be determined by the Director of the Division (the "Director").

SECTION 2.02. APPLICABILITY OF ARTICLE II OF THE ORIGINAL RESOLUTION. The terms, description, negotiability, redemption, registration, transfer, authentication, disposition, replacement, and issuance of the Series 2009A Bonds shall be governed by the provisions of Article II of the Original Resolution, adjusted to the extent necessary to apply to the Series 2009A Bonds, except as otherwise provided in this Third Supplemental Resolution. The form of the Series 2009A Bonds shall be governed by this Third Supplemental Resolution. The text of the Series 2009A Bonds may contain such provisions, specifications and descriptive words not inconsistent with the provisions of this Third Supplemental Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, or to comply with applicable laws, rules and regulations of the United States and the State, all as may be determined by the Director prior to the delivery thereof.

SECTION 2.03. EXECUTION OF THE SERIES 2009A BONDS. The Series 2009A Bonds shall be executed in the name of the Board of Governors by its Chairman and attested to by its Vice-Chairman, or such other member of the Board of Governors as may be designated pursuant to subsequent resolution of the Governing Board of the Division of Bond Finance, and the corporate seal of the Board of Governors or a facsimile thereof shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the Series 2009A Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the signatures required hereinabove may be a facsimile signature imprinted or reproduced on the Series 2009A Bonds, provided that at least one signature required shall be manually subscribed. In case any one or more of the officers who shall have signed or sealed any of the Series 2009A Bonds shall cease to be such officer of the Board of Governors before the Series 2009A Bonds so signed and sealed shall have been actually sold and delivered, the Series 2009A Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009A Bonds had not ceased to hold such office. Any Series 2009A Bond may be signed and sealed on behalf of the Board of Governors by such person as to the actual time of the execution of such Series 2009A Bond shall hold the proper office, although at the date of such Series 2009A Bond, such person may not have held such office or may not have been so authorized.

A certificate as to the approval of the issuance of the Series 2009A Bonds pursuant to the provisions of the State Bond Act, shall be executed by the facsimile signature of the Secretary or an Assistant Secretary of the Governing Board.

SECTION 2.04. FORM OF SERIES 2009A BONDS.

(A) Notwithstanding anything to the contrary in the Original Resolution or this Third Supplemental Resolution, or any other resolution relating to the Series 2009A Bonds (for the purposes of this section, collectively, the "Resolution"), the Series 2009A 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 Series 2009A 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 Series 2009A Bonds are issued in book-entry only form:

(1) The Series 2009A Bonds shall be issued in the name of the Securities Depository as Registered Owner of the Series 2009A Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Series 2009A 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 Series 2009A Bonds. Beneficial ownership interests in the Series 2009A 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 Series 2009A 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 Series 2009A Bonds. Transfers of ownership interests in the Series 2009A 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 Series 2009A Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Series 2009A 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 Series 2009A Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A Bonds to produce the same effect. Any provision hereof permitting or

requiring delivery of the Series 2009A Bonds shall, while the Series 2009A 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 Series 2009A Bonds in the form of fully registered bonds to each Beneficial Owner.

ARTICLE III
APPLICATION OF PROCEEDS

SECTION 3.01. CONSTRUCTION OF THE 2009A PROJECT. The Board of Governors is authorized to construct the 2009A Project from the proceeds of the sale of the Series 2009A Bonds and other legally available funds, subject to the provisions of this Third Supplemental Resolution and the applicable laws of Florida.

SECTION 3.02. APPLICATION OF SERIES 2009A BOND PROCEEDS. (A) Upon receipt of the proceeds of the sale of the Series 2009A Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the Series 2009A Bonds, including a reasonable charge for the Division of Bond Finance's services, the Division of Bond Finance shall transfer and deposit the remainder of the Series 2009A 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 Board of Governors, as provided in Section 4.02(A)(2)(c) 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 applicable sub-account in the Reserve Account.

(2) Any accrued interest or amounts to be used to pay interest for a specified period of time shall be transferred to the Board of Administration and deposited into the Sinking Fund, created by the Original Resolution, and used for the payment of interest on the Series 2009A Bonds.

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the Series 2009A Bonds shall be transferred to and deposited into the 2009A Project Construction Fund, which is hereby created in the State Treasury.

Any unexpended balance remaining in the 2009A Project Construction Fund, after a consulting architect shall certify that the 2009A Project has been completed and all costs thereof paid or payment provided for, shall be deposited in the Sinking Fund created by the Original Resolution.

All moneys in said 2009A Project Construction Fund shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of Series 2009A Bonds issued pursuant to this Third Supplemental Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

SECTION 3.03. INVESTMENT OF 2009A PROJECT CONSTRUCTION FUND. Any moneys in the 2009A Construction Fund not immediately needed for the purposes provided in this Third Supplemental Resolution, may be temporarily invested and reinvested as provided in Section 17.57, Florida Statutes.

SECTION 3.04. REIMBURSEMENT OF CONSTRUCTION COSTS. Expenditures for the construction and equipping of the 2009A Project which are incurred by the University from the date hereof may be reimbursed from the proceeds of the Series 2009A Bonds. The expenditures will be reimbursed from the 2009A Project Construction Fund.

ARTICLE IV
SECURITY FOR THE SERIES 2009A BONDS; COMPLETION BONDS

SECTION 4.01. SERIES 2009A BONDS ON A PARITY WITH THE SERIES 1995 BONDS, SERIES 1999 BONDS, AND SERIES 2002 BONDS. The Series 2009A Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Series 1995 Bonds, Series 1999 Bonds, and Series 2002 Bonds.

SECTION 4.02. BONDS SECURED BY ORIGINAL RESOLUTION. The Series 2009A Bonds shall be deemed to have been issued pursuant to the Original Resolution as fully and to the same extent as the Series 1995 Bonds, Series 1999 Bonds, and Series 2002 Bonds and all of the covenants and agreements contained in the Original Resolution shall be deemed to have been made for the benefit of the Registered Owners of the Series 2009A Bonds as fully and to the same extent as the Registered Owners of the Series 1995 Bonds, Series 1999 Bonds, and Series 2002 Bonds.

All of the covenants, agreements, and provisions of the Original Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Third Supplemental Resolution to the same extent as if incorporated verbatim in this Third Supplemental Resolution, and shall be fully enforceable in the manner provided in the Original Resolution by any of the Registered Owners of the Series 2009A Bonds.

SECTION 4.03. COMPLETION BONDS. The Board of Governors and the Division of Bond Finance need not comply with Section 5.01 of the Original Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 2009A Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 2009A Project at the time of the original issuance of the Series 2009A Bonds.

ARTICLE V
MISCELLANEOUS AND AMENDMENT OF ORIGINAL RESOLUTION

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

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

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

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

SECTION 5.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Third 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 Third Supplemental Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Third Supplemental Resolution or of the Series 2009A Bonds issued hereunder.

SECTION 5.05. FISCAL AGENT. Upon the sale and delivery of the Series 2009A Bonds by the Division of Bond Finance on behalf of the Board of Governors, the Board of Administration shall act as the fiscal agent for the Board of Governors with respect to the Series 2009A Bonds.

SECTION 5.06. VALIDATION AUTHORIZED. The attorneys for the Division of Bond Finance are hereby authorized to institute proceedings to validate the Series 2009A Bonds pursuant to Chapter 75, Florida Statutes, if validation is deemed to be necessary or desirable by the Division.

SECTION 5.07. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Third Supplemental Resolution, to the extent that they are inconsistent with this Third Supplemental Resolution, be and the same are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies. The authority for the issuance and delivery of the unissued portion of any previously authorized State of Florida, Florida International University Parking Facility Revenue Bonds is hereby canceled.

SECTION 5.08. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the Original Resolution or this Third Supplemental 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 5.09. CONFIRMATION OF ORIGINAL RESOLUTION. As amended and supplemented by this Third Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Third Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

SECTION 5.10. 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~~ <u>the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof</u>.

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

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

ADOPTED on September 15, 2009.

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APPENDIX F

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

**A RESOLUTION
(THE SIXTH SUPPLEMENTAL RESOLUTION)
AUTHORIZING THE ISSUANCE AND SALE OF
STATE OF FLORIDA, BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
PARKING FACILITY REVENUE REFUNDING BONDS
SERIES 2019A**

April 2, 2019

A RESOLUTION (THE SIXTH SUPPLEMENTAL RESOLUTION) AUTHORIZING THE ISSUANCE AND SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY PARKING FACILITY REVENUE REFUNDING BONDS, SERIES 2019A, 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).

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

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

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

"Director" means the Director of the Division of Bond Finance and shall include any Assistant Secretary to whom the Director delegates authority.

"Original Resolution" means the resolution adopted on February 28,1995, by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 1995 Bonds, as amended by the Second Supplemental Resolution, the Series 2002 Bonds Sale Resolution, and the Third Supplemental Resolution.

"**Outstanding Bonds**" means the outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy) and the State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2013A.

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

"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 Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy).

“Refunding Bonds” means the State of Florida, Board of Governors, Florida International Parking Facility Revenue Refunding Bonds, Series 2019A, authorized by this Sixth Supplemental Resolution.

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

“Second Supplemental Resolution” means the resolution adopted on June 12, 2002, by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 2002 Bonds and amending the Original Resolution.

“Series 2002 Bonds Sale Resolution” means the resolution adopted on September 10, 2002, by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the sale of the Series 2002 Bonds and amending the Original Resolution.

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

“Series 2009B Bonds” means the $28,915,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable-Issuer Subsidy).

“Third Supplemental Resolution” means the resolution adopted on September 15, 2009, by the Governor and Cabinet as the Governing Board of the Division of Bond Finance authorizing the issuance of the Series 2009A&B Bonds and amending the Original Resolution.

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

SECTION 1.02. AUTHORITY FOR THIS RESOLUTION. This Sixth Supplemental Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes (the “State Bond Act”); Section 1010.62, Florida Statutes, 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 of Bond Finance, the Board of Governors, the University and such Registered Owners. The covenants and agreements to be performed by the Board of Governors and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Outstanding Bonds and the Refunding Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as expressly provided in the Original Resolution, as amended and supplemented through the date of this Sixth Supplemental Resolution.

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

SECTION 2.01. AUTHORIZATION OF ISSUANCE AND SALE OF REFUNDING BONDS. (A) Subject and pursuant to the provisions of the Resolution, fully registered revenue bonds of the Board of Governors to be known as “State of Florida, Board of Governors, Florida International University Parking Facility Revenue Refunding Bonds, Series 2019A” (or such other designation as may be determined by the Director), are hereby authorized to be issued and sold at competitive sale by the Division of Bond Finance in an aggregate principal amount not exceeding $25,700,000 on a date and at the time to be determined by the Director. The Refunding Bonds shall be sold to refund all or a portion of the Refunded Bonds. The Refunding Bonds may be combined with, designated the same as, and sold with any other series of Florida International University Parking Facility 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 provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders; provided, that if no bids are received, or if all bids received are rejected, such Refunding Bonds may again be offered for sale upon reasonable notice, the timing and manner of which shall be determined by the Director. Bids for the purchase of the Refunding Bonds will be received at the office of the Division or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director.

(C) The Director is hereby authorized to publish and distribute a Notice of Bond Sale and a proposal for the sale of the Refunding Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director and shall contain such information as is consistent with the terms of the Resolution which the Director determines is in the best financial interest of the State. Any prior publication or distribution of a Notice of Bond Sale, or abbreviated version thereof, 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 100 copies of the preliminary official statement and 250 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 Sixth Supplemental 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 Sixth 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 Sixth Supplemental 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 Sixth Supplemental Resolution and to adjust the maturity schedule and redemption provisions for the Refunding Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required. Any portion of the Refunding Bonds not offered shall remain authorized to be offered at a later date.

(P) The Director is authorized to provide in the Notice of Bond Sale of the Refunding Bonds that the purchase price for the Refunding Bonds may include a discount of not to exceed 3%, excluding original issue discount, if any, of the aggregate principal amount of such Refunding Bonds offered for sale.

(Q) The Chairman, Secretary and any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the execution and delivery of the Refunding Bonds, including but not limited to, contracting with a consultant to verify escrow calculations of the Refunding Bonds, retaining bond counsel to render a special tax opinion relating to the use of the proceeds from the sale of the Refunding Bonds, and providing for redemption of the Refunded Bonds. Notwithstanding anything contained in the Original Resolution to the contrary, it is the intent of the Division that interest on the Refunding Bonds, if issued as tax-exempt Refunding Bonds, be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to such tax-exempt Refunding Bonds, whether such requirements are now in effect, pending or subsequently enacted. The Division is hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds to comply with such requirements of federal tax law.

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

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

SECTION 2.04. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Resolution, or any other resolution related 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. (A) Upon receipt of the proceeds of the sale of the Refunding Bonds, and after reserving an amount sufficient to pay all costs and expenses incurred in connection with the preparation, issuance and sale of the Refunding Bonds, including a reasonable charge for the Division of Bond Finance's services, including arbitrage rebate compliance, the Division of Bond Finance shall transfer and deposit the remainder of the Refunding 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 Board of Governors, as provided in Section 4.02(A)(2)(c) 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 applicable sub-account in the Reserve Account.

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

(3) After making the transfers provided for in subsections (1) and (2) above, the balance of the proceeds of the Refunding Bonds shall be transferred to 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, to pay when due (a) the principal amount of the Refunded Bonds, (b) the amount of interest and redemption premium payable on the Refunded Bonds, and (c) the amount of fees and expenses incurred in connection with the payment and retirement of the Refunded Bonds..

(4) Any balance of the proceeds of the Refunding Bonds after providing for the requirements of subsections (1) through (3) 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 payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds.

SECTION 4.02. REFUNDING BONDS SECURED BY ORIGINAL RESOLUTION. The Refunding Bonds shall be deemed to have been issued pursuant to the Original Resolution, as supplemented by this Sixth 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 Sixth Supplemental Resolution to the same extent as if incorporated verbatim in this Sixth 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 Sixth 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 Parking System as are not needed by the Board, to the extent that any such lease would not adversely affect the Pledged Revenues or the exclusion of interest on any tax-exempt Bonds from gross income for federal income tax purposes.

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

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

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

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

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

SECTION 5.07. SUCCESSOR AGENCIES AND OFFICIALS. Any references in the 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 Sixth Supplemental Resolution, the Original Resolution is in all respects ratified and confirmed, and this Sixth Supplemental Resolution shall be read, taken, and construed as a part of the Original Resolution.

SECTION 5.09. EFFECTIVE DATE. This Sixth Supplemental Resolution shall take effect immediately upon its adoption.

ADOPTED on April 2, 2019.

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FLORIDA INTERNATIONAL UNIVERSITY[1]
Miami, Florida

Introduction and Brief History

Florida International University ("FIU" or the "University") is a multi-campus public research university offering a broad array of undergraduate, graduate, and professional programs. Its colleges and schools offer more than 180 bachelor's, master's, and doctoral degree programs in fields such as engineering, international relations, architecture, law, and medicine. It has over 233,000 alumni and enrolls approximately 58,000 students across two campuses - the Modesto A. Maidique campus in western Miami-Dade County and the Biscayne Bay Campus in northeast Miami-Dade County - plus centers in downtown Miami, South Beach, and Miramar. More than 15,000 degrees are awarded annually. FIU is the largest university in South Florida and one of the largest public universities in the United States based upon Fall 2018 student enrollment data.

Chartered by the Florida Legislature in 1965, FIU 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-eight percent of FIU's full-time tenured or tenure-track instructional faculty hold doctorates or the highest degree attainable in their fields. The Carnegie Foundation for the Advancement of Teaching classifies FIU as a Research University/Very High Research Activity. FIU's annual research expenditures are approximately $196 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, approximately 90% of FIU students are Hispanic, black, or other minorities. FIU takes pride in the impact its graduates make on the nation and the world.

Alumni. The University's 233,000 alumni constitute the largest university alumni group of any 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 with approximately 75% (176,000 alumni) remaining in South Florida.

Economic Impact. The University has approximately 6,210 employees (5,413 full-time), making it one of Miami-Dade County's largest employers. The annual budget of the University, including financial aid and current capital projects, is $1.3 billion. The University has an estimated economic impact of $8.9 billion on the South Florida economy.

Accreditation and Memberships. The University is an accredited member of the Southern Association of Colleges and Schools (SACS). The professional programs of the University's respective schools are accredited, 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.

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

University Officials

Dr. Mark B. Rosenberg	President
Dr. Kenneth G. Furton	Provost, Executive Vice President & Chief Operating Officer
Dr. Elizabeth M. Behar	Senior Vice President, Academic & Student Affairs
Dr. Kenneth A. Jessell	Senior Vice President of Administration & Chief Financial Officer
Ms. Sandra B. Gonzalez-Levy	Senior Vice President of External Relations
Dr. Robert Sackstein	Senior Vice President, Health Affairs
Mr. Howard R. Lipman	Senior Vice President, University Advancement; CEO, FIU Foundation Inc.
Mr. Saif Ishoof	Vice President, Engagement
Kevin Coughlin Jr.	Vice President of Enrollment Services
Ms. Terry Witherell	Vice President of External Relations
Michelle Palacio	Vice President of Governmental Relations
El pagnier K. Hudson	Vice President of Human Resources
Javier I. Marques	Vice President, Operations & Safety; Chief of Staff
Mr. Robert Grillo	Vice President of Information Technology & Chief Information Officer
Mr. Pablo Ortiz	Vice President, Regional Academic Locations & Institutional Development
Dr. Andres G. Gil	Vice President, Research and Economic Development
Mr. Carlos Castillo	General Counsel
Mr. Pete Garcia	Executive Director of Sports & Entertainment

Governance

Effective January 7, 2003, a statewide Board of Governors was created pursuant to Article IX, Section 7(d), of the Florida Constitution to operate, regulate, control, and be fully responsible for the management of the State University System. The Board of Governors defines the mission of each university and ensures the well-planned coordination and operation of the State University System. The Governor appoints fourteen members to the Board of Governors for staggered terms of seven years. The appointed members are subject to confirmation by the Senate. The Commissioner of Education, the chair of the Advisory Council of Faculty Senates, and the president of the Florida Student Association also serve as members.

Each university is directly governed by a Board of Trustees (the “Trustees”), consisting of thirteen members. The 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 Boards of Trustees has increased the individual institutions' control of academic and fiscal affairs. Under this structure, the universities are no longer state agencies, but rather are autonomous state-supported public corporations. While the exact structure of the system continues to evolve, certain of the changes, 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 tuition and the right to retain their own tuition revenues instead of sending them to the State for redistribution. However, tuition-setting power for in-state students remains largely in the hands of the Legislature, with lawmakers determining the maximum allowable tuition increase and universities setting the tuition within those limits. The University's ability to set and collect certain student service fees provides a meaningful offset to limitations regarding tuition.

The Legislature proposed an amendment to the Florida Constitution which requires a two-thirds vote of each house of the Legislature to adopt legislation authorizing a new state tax or fee or raising any state tax or fee. The amendment was approved by 60% of the voters in a state-wide election in November 2018, and took effect on January 8, 2019. As a result, future increases in undergraduate in-state tuition, which require legislative action, will require a two-thirds vote of each chamber of the Legislature for approval.

Bonding Authority. Bond-issuing authority is retained by the State of Florida Division of Bond Finance; the University can borrow through affiliated foundations outside the Division of Bond Finance. The Board of Governors is authorized to request the issuance of revenue bonds to finance or refinance capital outlay projects permitted by law.

Buildings and Other Capital Facilities

The University has two main campuses and four off-campus educational sites. The 342-acre Modesto A. Maidique Campus ("MMC") is in southwest Miami-Dade County and the 200-acre Biscayne Bay Campus is in northeast Miami-Dade County. The University operates four off-campus educational sites: the Engineering Center (near MMC); FIU Downtown Center (Brickell); Miami Beach Urban Studios; and FIU at I-75 (West Broward County). In addition, the University has several major research facilities, the Frost Museum on the Modesto A. Maidique Campus, and the Wolfsonian FIU, a museum located in historic South Beach that houses a collection of art and design. The University has approximately 90 major buildings totaling over ten million square feet. The Modesto A Maidique Campus has 65 major buildings, which include two five-story parking garages, four six-story parking garages, six residence halls, a football stadium, a baseball stadium, and an athletic arena that includes a gymnasium. The Biscayne Bay Campus has 16 major buildings, including an Olympic-type aquatic center.

The Legislature 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 permanent accreditation in Spring 2006.

The Legislature and Board of Governors authorized FIU's College of Medicine in March 2006, in response to a regional shortage of physicians, the need for better access to medical education and patient care, and the need to reduce health disparities in the community. The College of Medicine opened in Fall 2009 following the Liaison Committee on Medical Education's ("LCME") preliminary accreditation. The College of Medicine received full accreditation in February 2013.

The Board of Regents, the predecessor to the Board of Governors, approved the formation of a football program in Spring 2001. The University's football team played in a temporary stadium built in 1995. In 2005, the NCAA approved FIU's application to play Division 1-A. The University opened a permanent stadium in Fall 2008 on the Modesto A. Maidique campus and expanded capacity to 25,000 seats in Fall 2012.

Between 2004 and 2018, the new Frost Museum, College of Law, Marine Biology, Graduate School of Business and Lakeview Housing Buildings, College of Nursing & Health Sciences, SIPA/Social Sciences, PG5 Market Station, Stocker Astro-Science Center, Satellite Chiller Plant, Science Classroom Complex, the Stempel College of Public Health and Social Work Center, the Mixed Use College of Business Building, the Parkview student housing facility, the PG6 Tech Station building, Student Academic Support Center, the Ambulatory Care Center, and expansion of the Recreation Center were completed. Planning and design is underway for the Frost Museum of Science/Bachelor Environmental Center and Parkview Housing II.

Capital Improvement Plan

The following table shows the University's capital improvement projects currently in progress or planning as well as the funding sources for each. Many of these projects will be funded with Public Education Capital Outlay ("PECO") funds appropriated by the Legislature. Various other funding sources (general revenue, capital improvement fee trust fund, private funds, bond proceeds, etc.) provide resources to finance the remainder of the capital improvement projects.

Project Name	Private	Unrestricted	Bonds-Auxiliary	Total Project Costs
Frost Museum of Science/Bachelor Environ. Center	$5,000,000	-	-	$5,000,000
International Center for Tropical Botany	5,000,000	-	-	5,000,000
EOC Facilities Expansion	-	$5,500,000	-	5,500,000
Parkview II Housing	-	-	$69,831,781	69,831,781
Total	$10,000,000	$5,500,000	$69,831,781	$85,331,781

[1] Projects are in construction or design phase and reflect approved funding. Amounts are estimates and are subject to change.

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

Five Year Capital Improvement Plan and Legislative Budget Request
In Order of Priority[1]

		Request per Fiscal Years Ended June 30,					Total
PECO	**Project Name**	**2020**	**2021**	**2022**	**2023**	**2024**	**Requested**
	Facilities Infr./Capital Renewal	$11,100,000	$16,900,000	$10,500,000	$10,500,000	$10,500,000	$59,500,000
	Engineering Building, Phase I & II	35,500,000	38,858,463				74,358,463
	Honors College - MMC	2,000,000					2,000,000
	Science Lab. Complex-MMC	15,000,000	20,000,000	42,000,000			77,000,000
	Academic Health Center Study		5,000,000	12,500,000			17,500,000
	Rem/Ren. DM Building MMC			7,000,000	6,800,000		13,800,000
	Green Lib. Addition Study MMC			15,000,000	25,000,000	25,000,000	65,000,000
	Science/Humanities Center MMC				24,500,000	22,500,000	47,000,000
	Rem/Ren. Acad. Data CTR MMC				12,775,000	6,725,000	19,500,000
	Rem/Ren. OE Building MMC				10,500,000	10,000,000	20,500,000
	Total PECO	**$63,600,000**	**$80,758,463**	**$87,000,000**	**$90,075,000**	**$74,725,000**	**396,158,463**
Capital Improvement Trust Fund							
	Graham University Center	$12,000,000	$12,000,000				$24,000,000
	WUC Renovations	3,000,000	3,000,000				6,000,000
	Well/Recr. Fac. Improvements	1,000,000	1,000,000				2,000,000
	Well/Recr. Field Support Building	1,200,000					1,200,000
	Total CITF	**$17,200,000**	**$16,000,000**	**$0**	**$0**	**$0**	**$33,200,000**
Total PECO & CITF		**$80,800,000**	**$96,758,463**	**$87,000,000**	**$90,075,000**	**$74,725,000**	**$429,358,463**

[1] List is based on the submission to the Board of Governors and reflects requested funds for projects that are survey recommended.

Budgetary Process

The University's operating budget is comprised of the following budget categories: 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 Legislature, which is developed in accordance with the General Appropriations Act, the Implementing Legislation, 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 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 Sections 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 startup 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 the periods indicated.

Operating Budget

	Fiscal Year Ended June 30,				
Budget Entity	**2015**	**2016**	**2017**	**2018**	**2019**
Educational and General	$486,093,762	$510,170,224	$527,102,388	$551,564,562	$581,476,832
Auxiliary Enterprises	194,120,083	201,375,935	210,521,540	208,989,678	231,124,221
Contracts and Grants	116,970,333	122,846,514	121,834,350	127,195,344	156,720,156
Student Activities	16,804,920	19,662,292	19,871,967	20,748,631	21,223,881
Intercollegiate Athletics	26,729,575	25,415,161	28,328,269	27,820,293	27,471,560
Campus Concessions	756,102	805,659	896,350	940,056	883,414
Student Financial Aid/Loans	147,774,587	154,489,016	161,088,250	158,633,416	206,264,930
Technology Fee	10,073,245	11,356,825	9,841,535	10,576,488	11,183,203
Self-Insurance	370,801	331,704	393,271	500,000	500,000
Board Approved Fees	315,525	377,062	420,000	405,856	417,692
Faculty Practice	11,834,396	5,386,579	4,629,012	5,692,482	6,081,394
Total	$1,011,843,329	$1,052,216,971	$1,084,926,932	$1,113,066,806	$1,243,347,283

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

Historical Summary of Current Fund Sources[1]
(As a Percent of Total)

Fund Source	Fiscal Year Ended June 30,				
(Restricted and Unrestricted)	**2014**	**2015**	**2016**	**2017**	**2018**
Student Tuition and Fees, Net	31.61%	31.91%	31.86%	31.17%	27.55%
State Appropriations and ARRA	25.95%	28.31%	28.80%	29.35%	29.10%
State Contracts, Grants and Scholarships	0.62%	0.86%	0.67%	0.86%	0.66%
Federal Contracts, Grants and Gifts	9.23%	8.88%	8.42%	7.66%	8.53%
Local Contracts, Grants and Gifts	0.21%	0.25%	0.25%	0.18%	0.23%
Private Contracts, Grants and Gifts	1.38%	1.42%	1.46%	1.76%	1.74%
Sales and Services of Educational Departments	0.09%	0.10%	0.11%	0.15%	0.12%
Sales and Services of Auxiliary Enterprises	11.66%	11.88%	11.72%	10.98%	10.54%
Noncapital Grants, Contracts, and Gifts	0.00%	0.00%	0.00%	2.50%	2.61%
Other Operating Revenues	1.56%	1.66%	1.67%	2.06%	2.14%
Federal and State Student Financial Aid	12.73%	12.66%	12.34%	11.71%	14.95%
Net Investment Income	2.71%	-0.49%	0.35%	1.44%	1.64%
Other Nonoperating Income	2.25%	2.56%	2.35%	0.18%	0.19%
Total Current Fund Sources	100.00%	100.00%	100.00%	100.00%	100.00%

[1] Sourced from the University's Unaudited Financial Results. Calculations exclude Capital Appropriation and Capital Grants and Contracts revenues.

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

Tuition and Fees
Undergraduate Students
per Credit Hour

	Academic Year				
Registration and Tuition Fees	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
In-State Students:					
Matriculation Fee	$ 105.07	$ 105.07	$ 105.07	$ 105.07	$ 105.07
Tuition Differential	52.29	52.29	52.29	52.29	52.29
Student Financial Aid Fee	5.25	5.25	5.25	5.25	5.25
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
In-State Subtotal	$169.37	$169.37	$169.37	$169.37	$169.37
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	$580.67	$580.67	$580.67	$580.67	$580.67
Local Fees[1]					
Activity & Service Fee	$12.87	$14.85	$14.85	$14.85	$14.85
Technology Fee[2]	5.25	5.25	5.25	5.25	5.25
Athletic Fee	16.10	16.10	16.10	16.10	16.10
Local Fees Subtotal	$34.22	$36.20	$36.20	$36.20	$36.20
Total In-State Tuition and Fees (per credit hour)	$203.59	$205.57	$205.57	$205.57	$205.57
Total Out-of-State Tuition and Fees (per credit hour)	$616.89	$618.87	$618.87	$618.87	$618.87
Per Student Flat Fee[3]					
Athletic Fee	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Health Fee	93.69	93.69	93.69	93.69	93.69
Transportation Access Fee	89.00	89.00	89.00	89.00	89.00
Total Per Term	$192.69	$192.69	$192.69	$192.69	$192.69

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

[2] Technology Fee approved for uses which enhance instructional technology.

[3] Flat Fees are assessed to both in-state and out-of-state students on a per term (fall, spring, summer) basis, and are in addition to registration and tuition fees. These fees are tax-free with the exception of the Transportation Access Fee which is not shown with the 1.8% sales tax.

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

Tuition and Fees
Graduate Students
per Credit Hour

	Academic Year				
Registration and Tuition Fees	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
In-State Students:					
Matriculation Fee	$379.95	$379.95	$379.95	$379.95	$379.95
Student Financial Aid Fee	18.99	18.99	18.99	18.99	18.99
Capital Improvement Trust Fund Fee	6.76	6.76	6.76	6.76	6.76
In-State Subtotal	$405.70	$405.70	$405.70	$405.70	$405.70
Out-of-State Students *(in addition to the above fees):*					
Tuition	$520.05	$520.05	$520.05	$520.05	$520.05
Supplemental Student Financial Aid Fee	26.00	26.00	26.00	26.00	26.00
Out-of-State Subtotal	$951.75	$951.75	$951.75	$951.75	$951.75
Local Fees[1]					
Activity & Service Fee	$12.87	$14.85	$14.85	$14.85	$14.85
Technology Fee[2]	18.99	18.99	18.99	18.99	18.99
Athletic Fee	16.10	16.10	16.10	16.10	16.10
Local Fees Subtotal	$47.96	$49.94	$49.94	$49.94	$49.94
Total In-State Tuition and Fees (per credit hour)	$453.66	$455.64	$455.64	$455.64	$455.64
Total Out-of-State Tuition and Fees (per credit hour)	$999.71	$1,001.69	$1,001.69	$1,001.69	$1,001.69
Per Student Flat Fee[3]					
Athletic Fee	$10.00	$10.00	$10.00	$10.00	$10.00
Health Fee	93.69	93.69	93.69	93.69	93.69
Transportation Access Fee	89.00	89.00	89.00	89.00	89.00
Total Per Term	$192.69	$192.69	$192.69	$192.69	$192.69

[1] Local Fees are assessed to both in-state and out-of-state students in addition to the registration and tuition fees.
[2] Technology Fee approved for uses which enhance instructional technology.
[3] Flat Fees are assessed to both in-state and out-of-state students on a per term (fall, spring, summer) basis, and are in addition to registration and tuition fees. These fees are tax-free with the exception of the Transportation Access Fee which is not shown with the 1.8% sales tax.

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
2014-15	$183,858,918	$30,871,197	$30,665,057	$241,462,457	$486,857,629
2015-16	200,164,104	31,386,537	29,494,507	249,125,077	510,170,225
2016-17	208,014,204	31,698,518	33,200,019	254,189,647	527,102,388
2017-18	232,342,734	32,014,049	27,579,460	259,628,319	551,564,562
2018-19[1]	252,458,351	32,314,853	32,983,332	263,720,296	581,476,832

[1] Fiscal Year 2019 is Budgeted. All other years are actual.

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
2014-15	$244,994,791	$129,371,650	$193,094,344	$202,839,455	$770,300,240
2015-16	232,689,348	126,459,667	203,327,816	208,515,937	770,992,768
2016-17	254,018,114	121,834,350	210,521,540	220,446,371	806,820,375
2017-18	287,207,779	127,195,344	208,989,678	219,124,740	842,517,541
2018-19[3]	296,703,628	156,720,156	231,124,221	267,444,680	951,992,685

[1] Includes student Fee Expenditures (excluding waivers which are reported under revenue) and Florida Lottery Funds.
[2] Includes Student Activities, Athletics, Concessions, Financial Aid (Local Funds).
[3] Fiscal Year 2019 is Budgeted. All other years are actual.

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

History of Financial Aid Awards

	Source of Awards	2013-14	2014-15	2015-16	2016-16	2017-18
Federal	Number of Awards	50,467	52,771	53,254	53,362	53,218
	Amount of Awards(000's)	$361,644	$375,313	$378,972	$377,131	$378,092
State	Number of Awards	14,403	13,470	13,153	10,865	22,884
	Amount of Awards(000's)	$27,897	$25,257	$23,189	$21,264	$41,744
Institutional	Number of Awards	19,178	18,531	18,572	24,991	33,279
	Amount of Awards(000's)	$53,678	$50,714	$53,429	$65,956	$65,482
Private	Number of Awards	2,076	2,116	1,992	1,516	1,644
	Amount of Awards(000's)	$10,663	$10,897	$11,444	$11,010	$11,377
Other	Number of Awards	0	0	0	1,031	2,354
	Amount of Awards(000's)	$0	$0	$0	$2,880	$15,644
Total	**Number of Awards**	**86,124**	**86,888**	**86,971**	**91,765**	**113,379**
	Amount of Awards(000's)	**$453,882**	**$462,181**	**$467,035**	**$478,240**	**$512,338**
	Type of Awards					
Grants	Number of Awards	41,332	43,969	45,073	46,773	68,163
	Amount of Awards(000's)	$120,893	$124,517	$127,745	$133,825	$164,067
Loans	Number of Awards	27,081	27,869	28,048	27,490	25,663
	Amount of Awards(000's)	$279,302	$290,097	$292,547	$291,053	$273,335
Scholarships	Number of Awards	17,247	14,530	13,315	15,948	16,671
	Amount of Awards(000's)	$51,697	$45,415	$44,474	$48,103	$56,947
FWS & PSWEP	Number of Awards	464	520	535	523	528
	Amount of Awards(000's)	$1,992	$2,152	$2,268	$2,379	$2,345
3rd Party Pmts	Number of Awards				1,031	2,354
	Amount of Awards(000's)				$2,880	$15,644
Total	**Number of Awards**	**86,124**	**86,888**	**86,971**	**91,765**	**113,379**
	Amount of Awards(000's)	**$453,882**	**$462,181**	**$467,035**	**$478,240**	**$512,338**

Selected Historical Financial Information

Financial Information. Selected University financial information for Fiscal Year 2013-14 through Fiscal Year 2017-18 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 Position (000's)

ASSETS	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Current Assets:					
Cash and Cash Equivalents	$15,293	$5,381	$4,110	$7,570	$6,688
Investments	277,390	275,005	308,223	331,472	357,752
Accounts Receivables, Net	25,919	25,821	27,011	24,230	31,789
Due from State	44,653	61,234	44,271	40,105	52,855
Loans and Notes Receivable, Net	839	650	590	572	448
Inventories	356	384	418	381	426
Other Current Assets	1,986	2,860	3,352	3,220	4,299
Total Current Assets	**366,436**	**371,335**	**387,975**	**407,550**	**454,257**
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	417	246	32	154	315
Restricted Investments	31,036	14,592	5,723	6,462	8,263
Loans and Notes Receivable, Net	2,358	1,997	1,879	1,740	1,496
Depreciable Capital Assets, Net	717,504	803,408	879,930	879,207	872,103
Nondepreciable Capital Assets	205,330	158,268	96,799	108,034	123,676
Other Noncurrent Assets	6,912	9,165	9,032	8,568	8,239
Total Noncurrent Assets	**963,557**	**987,676**	**993,395**	**1,004,165**	**1,014,092**
Total Assets	**1,329,993**	**1,359,011**	**1,381,370**	**1,411,715**	**1,468,349**
Deferred Outflows of Resources					
Other Postemployment Benefits	-	-	-	-	5,991
Deferred Outflows Related to Pensions	-	46,105	59,309	106,950	119,281
Total Deferred Outflows of Resources	**-**	**46,105**	**59,309**	**106,950**	**125,272**
LIABILITIES					
Current Liabilities:					
Accounts Payable	$17,968	$21,182	$25,160	$25,713	$27,062
Salary and Wages Payable	6,499	8,078	10,656	13,685	13,472
Construction Contracts Payable	14,643	10,157	6,585	6,642	2,611
Deferred Revenue	6,365	19,950	7,496	6,793	6,317
Deposits Payable	1,691	1,965	1,951	2,541	3,719
Due to State	219	193	202	169	144
Long-Term Liabilities - Current Portion:					
Capital Improvement Debt Payable	8,830	9,185	7,184	7,494	7,829
Bonds Payable	-	-	-	-	-
Capital Leases Payable	182	205	192	-	-
Liability for Self-Insurance Claims	41	43	154	105	97
Installment Purchases Payable	-	-	-	478	484
Compensated Absences Payable	2,806	3,025	3,349	3,783	3,695
Other Post Employment Benefits Payable	-	-	-	-	2,964
Net Pension Liability	-	1,499	1,769	1,622	1,406
Other Current Liabilities	740	343	418	594	540
Total Current Liabilities	**59,984**	**75,825**	**65,116**	**69,619**	**70,340**
Bonds Payable	-	-	-	-	-
Capital Leases Payable	855	415	-	-	
Liability for Self-Insurance Claims	39	48	54	69	102
Installment Purchases Payable	-	-	-	1,469	985
Compensated Absences Payable	34,882	37,016	38,412	41,150	43,664
Other Post Employment Benefits Payable	37,348	47,684	68,116	88,101	274,370
Net Pension Liability	-	72,589	119,726	200,460	223,128

Other Long-Term Liabilities	28,622	39,822	37,908	38,429	38,586
Total Noncurrent Liabilities	**275,396**	**362,039**	**422,292**	**520,259**	**723,587**
Total Liabilities	**335,380**	**437,864**	**487,408**	**589,878**	**793,927**
Deferred Inflows of Resources					
Other Postemployment Benefits	-	-	-	-	39,273
Deferred Inflows Related to Pensions	-	55,500	19,242	1,486	9,852
Total Deferred Inflows of Resources	**-**	**55,500**	**19,242**	**1,486**	**49,125**
NET POSITION					
Invested in Capital Assets, Net of Related Debt	772,171	787,405	811,277	827,219	843,728
Restricted for Expendable:					
Loans	547	443	871	820	703
Capital Projects	3,617	14,432	5,715	2,291	20,112
Debt Service	2,867	2,863	2,869	2,884	2,860
Other	32,900	24,460	4,765	3,235	10,057
Unrestricted	182,511	82,149	108,532	90,852	(126,891)
Total Net Position	**$994,613**	**$911,752**	**$934,029**	**$927,300**	**$750,569**

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

Operating Revenue:	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Student Tuition and Fees	$383,584	$403,769	$418,784	$431,934	$444,704
Less: Tuition Scholarship Allowances	(108,505)	(124,396)	(129,399)	(136,588)	(165,856)
Net Student Tuition and Fees	275,079	279,373	289,385	295,346	278,848
Federal Grants and Contracts	80,339	77,704	76,454	72,589	86,375
State and Local Grants and Contracts	7,172	9,663	8,352	9,863	8,927
Nongovernmental Grants and Contracts	12,030	12,453	13,244	16,695	17,587
Sales and Services of Auxiliary Enterprise	101,503	104,018	106,483	104,060	106,670
Sales and Services of Educational Departments	795	901	972	1,385	1,198
Interest on Loans and Notes Receivable	8	43	63	58	63
Other Operating Revenue	13,531	14,522	15,149	19,481	21,599
Total Operating Revenue	**490,457**	**498,677**	**510,102**	**519,477**	**521,267**
Operating Expenses:					
Personnel Services	525,055	549,930	583,993	630,657	652,445
Contractual Services	131,615	140,626	139,518	138,390	145,948
Utilities	16,215	16,932	16,064	16,672	17,181
Materials and Supplies	25,918	25,969	25,736	27,574	27,122
Repairs and Maintenance	14,205	15,087	14,264	15,295	18,200
Scholarships, Fellowships and Waivers	93,660	80,553	83,660	88,604	105,217
Depreciation	41,449	44,476	45,922	48,895	48,337
Self-Insured Claims and Expenses	26	41	414	(15)	50
Total Operating Expenses	**848,143**	**873,614**	**909,571**	**966,072**	**1,014,500**
Total Operating Loss	**(357,686)**	**(374,937)**	**(399,469)**	**(446,595)**	**(493,233)**
Nonoperating Revenues (Expenses)					
State Appropriations	225,862	247,849	261,567	278,033	294,596
Investment Income	8,773	12,677	2,605	6,623	30,473
Net Unrealized Gains/Losses on Investments	14,795	(16,862)	561	7,028	(13,798)
Federal and State Student Financial Aid	110,809	110,806	112,127	110,935	151,327
Noncapital Grants, Contracts, and Gifts	-	-	-	23,675	26,380
State Appropriated ARRA Funds	-	-	-	-	-
Other Nonoperating Revenues	19,630	22,376	21,370	1,668	2,021
Interest on Capital Asset-Related Debt	(7,804)	(7,868)	(7,501)	(7,175)	(6,840)
Gain/(Loss) on Disposal of Capital Assets	(187)	(52)	(124)	(435)	(595)
Other Nonoperating Expenses	(3,417)	(215)	(548)	(117)	(100)
Net Nonoperating Revenues	**368,461**	**368,711**	**390,057**	**420,235**	**483,464**
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	**10,775**	**(6,226)**	**(9,412)**	**(26,360)**	**(9,769)**
Capital Appropriations	39,287	3,293	26,254	16,677	33,050
Capital Grants and Contracts	5,457	8,899	5,435	2,954	7,202
Change in Net Assets	**55,519**	**5,966**	**22,277**	**(6,729)**	**30,483**
NET POSITION					
Net Position, Beginning of Year	939,094	994,613	911,752	934,029	927,300
Adjustment to Beginning Net Position	-	(88,827)	-	-	(207,214)
Total Adjusted Restated Net Position – Beg	**939,094**	**905,786**	**911,752**	**934,029**	**720,086**
Total Net Position - Ending	**$994,613**	**$911,752**	**$934,029**	**$927,300**	**$750,569**

Students

General. The University's undergraduate and graduate enrollment has increased by approximately 7% 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 State 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 State 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 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018[1]
Total Students:					
No. of Applicants	42,601	42,273	42,057	40,379	36,907
No. Admitted	20,364	20,572	21,060	19,530	17,472
% of Applicants Admitted	48%	49%	50%	48%	47%
No. Enrolled	10,491	10,687	11,179	10,759	9,943
% of Admitted Enrolled	52%	52%	53%	55%	57%
First-Time-in-College:					
No. of Applicants	17,617	15,868	17,218	14,861	11,431
No. Admitted	8,380	7,915	8,498	7,596	4,984
% of Applicants Admitted	48%	50%	49%	51%	44%
No. Enrolled	3,013	2,879	3,170	2,895	1,744
% of Admitted Enrolled	36%	36%	37%	38%	35%
Community College Transfers:					
No. of Applicants	5,634	5,864	5,873	5,923	6,102
No. Admitted	5,030	5,314	5,267	5,033	5,258
% of Applicants Admitted	89%	91%	90%	85%	86%
No. Enrolled	3,457	3,630	3,680	3,711	3,805
% of Admitted Enrolled	69%	68%	70%	74%	72%
Other Undergraduate Transfers:					
No. of Applicants	4,349	4,393	4,042	4,070	3,954
No. Admitted	2,445	2,708	2,479	2,319	2,331
% of Applicants Admitted	56%	62%	61%	57%	59%
No. Enrolled	1,425	1,507	1,447	1,434	1,403
% of Admitted Enrolled	58%	56%	58%	62%	60%
Post Baccalaureate:[2]					
No. of Applicants	15,001	16,148	14,924	15,525	15,420
No. Admitted	4,509	4,635	4,816	4,582	4,899
% of Applicants Admitted	30%	29%	32%	30%	32%
No. Enrolled	2,596	2,671	2,882	2,719	2,991
% of Admitted Enrolled	58%	58%	60%	59%	61%
Graduate:					
No. of Applicants	8,751	9,605	9,458	8,782	8,582
No. Admitted	3,781	3,719	3,946	3,697	3,913
% of Applicants Admitted	43%	39%	42%	42%	46%
No. Enrolled	2,305	2,372	2,553	2,400	2,625
% of Admitted Enrolled	61%	64%	65%	65%	67%
Professional:					
No. of Applicants	6,250	6,543	5,466	6,743	6,838
No. Admitted	728	916	870	885	986
% of Applicants Admitted	12%	14%	16%	13%	14%
No. Enrolled	291	299	329	319	366
% of Admitted Enrolled	40%	33%	38%	36%	37%

[1] Fall 2018 numbers are preliminary.

[2] Post Baccalaureate numbers represent the sum of Graduate numbers and Professionals numbers.

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 30 hours for undergraduate students and 24 hours for graduate students. FTE enrollment is determined by dividing the total number of hours enrolled by all students in a specific category by the appropriate hour requirement.

Full-Time Equivalent Enrollment by Level and Total Headcount Enrollment

Academic	Annual Full-Time Equivalent[1]				Fall Headcount			
Year	Undergraduate	Graduate	Total	Fall	Undergraduate	Graduate	Total	Other[2]
2013-14	35,637	7,933	43,570	2014	45,475	8,624	54,099	5,608
2014-15	36,257	7,921	44,178	2015	45,298	8,760	54,058	4,399
2015-16	36,512	7,974	44,486	2016	45,944	9,168	55,112	4,146
2016-17	37,254	8,125	45,379	2017	47,779	9,107	56,886	5,135
2017-18	38,534	8,050	46,584	2018	48,867	9,196	58,063	5,898

[1] Based on IPEDs Methodology and does not include College of Medicine students.
[2] Represents dual enrollment students which are included in total.

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 by Academic Year

	2019-20	2020-21	2021-22	2022-23	2023-24
FTE	48,892	49,357	49,851	50,368	50,378
Headcount	59,376	61,030	61,621	63,970	64,539

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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 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Florida	49,268	48,879	49,636	51,363	52,281
New York	287	336	374	325	321
New Jersey	195	195	217	232	245
California	207	229	242	239	233
Texas	142	144	168	169	184
Georgia	148	164	155	161	171
Pennsylvania	100	115	137	136	138
Maryland	135	137	134	128	133
Virginia	135	136	140	137	124
North Carolina	95	97	99	103	108
All Other States	1,007	1,041	1,061	1,044	1,089
Foreign Students	2,380	2,585	2,749	2,849	3,036
Total	**54,099**	**54,058**	**55,112**	**56,886**	**58,063**

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

County	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Dade	36,641	35,773	36,005	37,065	37,591
Broward	8,352	8,613	8,810	9,437	9,657
Palm Beach	1,088	1,063	1,181	1,210	1,279
Orange	398	459	476	474	498
Hillsborough	368	400	430	446	429
Lee	209	212	239	234	255
Duval	208	211	208	182	201
St. Lucie	166	171	182	171	188
Collier	161	165	159	165	172
Osceola	118	125	138	149	159
Other Florida	1,558	1,727	1,840	1,852	1,876
Other	4,832	5,139	5,444	5,501	5,758
Total	**54,099**	**54,058**	**55,112**	**56,886**	**58,063**

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 tele counseling campaigns; traveling to selected secondary schools, college fairs, Florida state 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[2]	Average ACT Score
2014	3.91	1121	25
2015	3.91	1120	25
2016	3.94	1128	25
2017	4.07	1150	25
2018	4.12	1193	27

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

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 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
National Merit Scholars	1	3	3	7	8
National Achievement Scholars	3	3	2	-	-
National Hispanic Scholars	16	15	15	24	26

General Academic Information

The University offers approximately 200 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, Sciences and Education, College of Business Administration, College of Engineering & Computing, College of Law, Herbert Wertheim College of Medicine, Nicole Wertheim College of Nursing and Health Sciences, Robert Stempel College of Public Health and Social Work, Chaplin School of Hospitality and Tourism Management, and Steven J. Green School of International and Public Affairs.

The University has now granted approximately 200,000 baccalaureates, 60,000 masters, 2,000 doctoral, and 2,000 professional 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 is one of the nation's major research universities and has reached the highest Carnegie Classification of Institutions of Higher Education – R1: Doctoral Universities – Highest Research Activities. The University had research and development expenditures of over $196 million during Fiscal Year 2018. Faculty received over $141 million in research awards from various federal, state and private organizations. Following the University's strategic plan and based on institutional strengths, the research areas of focus include the environment, globalization and health. To this end, FIU researchers have access to state of the art facilities such as the Wall of Wind, National Science Foundation Natural Hazards Engineering Research Infrastructure Experimental Facility, Forensic DNA Profiling Facility, Nanofabrication Facility, the Advanced Mass Spectrometry Facility, and the Center for Imaging Science. Preeminent programs include: Center for Children and Families, Extreme Events Institute, Global Forensic and Justice Center, Institute for Resilient and Sustainable Coastal Infrastructure, Institute of Water and Environment, and the STEM Transformation Institute, Undergraduate and graduate students at FIU actively participate in all research endeavors. FIU disseminates 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 three academic years shown.

Degrees Granted by Discipline

	Baccalaureate Degrees			Master's Degrees			Specialist Degrees			Doctoral Degrees		
Discipline	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Arch & Related Serv.	0	0	0	140	128	124	0	0	0	0	0	0
Eth., Cult. & Gen. Studies	59	54	62	24	15	14	0	0	0	0	0	0
Biology & Biomedical	602	627	746	17	3	8	0	0	0	9	19	25
Business, Mgmt., Mrktng	2,690	2,898	2,911	1,331	1,326	1,342	0	0	0	4	13	6
Communication/Journalism	652	713	750	53	86	80	0	0	0	0	0	0
Computer & Info Systems	321	336	384	139	136	126	0	0	0	8	8	9
Education	377	381	405	341	351	306	10	12	8	20	21	21
Engineering	489	504	570	210	215	179	0	0	0	37	42	41
Engineering Technology	33	42	36	35	38	37	0	0	0	0	0	0
English/Literature/Letters	203	190	163	21	20	17	0	0	0	0	0	0
Protective Services	543	537	499	41	92	84	0	0	0	0	0	0
Foreign Lang./Linguistics	39	28	89	10	25	8	0	0	0	2	2	2
Health Profession	587	705	728	376	397	496	0	0	0	188	191	221
History	69	59	66	6	12	12	0	0	0	6	5	6
Legal Studies	0	0	0	20	14	35	0	0	0	157	154	145
Liberal/General Studies	125	145	274	2	1	3	0	0	0	0	0	0
Mathematics, Statistics	31	28	37	11	11	10	0	0	0	0	0	0
Multi/Interdisciplinary	122	166	964	31	30	41	0	0	0	0	0	0
Natural Resources, Conserv.	45	43	61	21	26	18	0	0	0	0	0	0
Parks, Recreation, Fitness	147	189	232	25	10	14	0	0	0	0	0	0
Philosophy & Religion	64	51	52	11	8	6	0	0	0	0	0	0
Physical Sciences	151	155	155	12	49	15	0	0	0	25	25	31
Psychology	1,202	1,198	1,359	35	43	39	7	6	6	11	13	10
Public Administration	174	158	174	156	109	102	0	0	0	6	5	12
Social Services	786	747	767	23	16	26	0	0	0	11	30	20
Visual & Performing Arts	149	163	186	18	26	22	0	0	0	0	0	0
Total	**9,660**	**10,117**	**11,670**	**3,109**	**3,187**	**3,164**	**17**	**18**	**14**	**484**	**528**	**549**

Faculty

The University's Student to Faculty Ratio is 25 to 1. Sixty percent of full-time Instructional Faculty are either Tenured or Tenure-Earning. Of the Tenured/Tenure-Earning full-time Instructional Faculty, more than 95 percent have Doctoral or Terminal degrees in their discipline.

Faculty Data[1]

Fiscal Year	Full-Time Faculty	Part-Time Faculty	Tenured Faculty[2]	Faculty with Terminal Degrees	Student/ Faculty Ratio (FTE)[3]
2013-14	1,208	793	466	1,271	27 to 1
2014-15	1,232	828	488	1,375	26 to 1
2015-16	1,274	796	492	1,509	25 to 1
2016-17	1,282	861	491	1,563	26 to 1
2017-18	1,369	875	470	1,572	25 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 full-time service professors with tenure.
[3] Student/Faculty Ratio of full-time equivalent students to full time equivalent faculty. Medicine and law faculty and students are excluded.

Personnel

The University employs more than 6,200 people. Instructional Faculty make up 34 percent of the employee population. Instructional Faculty are supported by a Non-Instructional Staff of 4,126 employees, of which 883 are Office and Administrative Support occupations.

Activity	Fall 2018
Instruction/Research/Pub. Svc.	2,084
Archivists, Curators, and Museum Technicians	30
Business and Financial Operations Occupations	244
Community Service, Legal, Arts, and Media Occupations	254
Computer, Engineering, and Science Occupations	510
Healthcare Practitioners and Technical Occupations	50
Librarians	48
Library Technicians	50
Management Occupations	981
Natural Resources, Construction, and Maintenance Occupations	176
No IPEDs Reporting	17
Office and Administrative Support Occupations	883
Other Teaching and Instructional Support Occupations	218
Research	312
Service Occupations	302
Graduate Assistants - Research	1
Public Service	50
Total	**6,210**

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 of Student Affairs is comprised of the following departments and programs: Counseling and Psychological Services Center, Disability Resource Center, Multicultural Programs and Services, University Housing and Residential Life, Student Centers, Campus Life, University Health Services, Student Conduct and Conflict Resolution, Victim Empowerment Program, Center for Leadership and Service, Women's Center, Wellness and Recreation, Student Government Association, Student Media, Children's Creative Learning Center, Orientation and Family Programs, Student Ombudsman and Veteran and Military Affairs.

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.

The University entered its public phase of the Next Horizon capital campaign on January 26, 2019. The campaign seeks to raise $750 million by the year 2022. In alignment with the University's strategic focus on the arts, environment, globalization and health, the campaign will raise funds for specific philanthropic priorities. The capital campaign will empower FIU to achieve each of the goals outlined in the University's Beyond Possible 2020 strategic plan, enabling FIU to ascend to the next level of excellence in academic, research, and outreach initiatives and creating a solid financial base that will shape the institution's 21st century evolution. The table below sets forth financial information relating to the Foundation as of the dates shown.

Fiscal Year	Assets	Liabilities	Revenues	Expenditures
2013-14	$323,199,726	$11,589,973	$60,668,331	$25,149,449
2014-15	345,323,466	11,177,831	52,058,292	30,028,736
2015-16	336,004,975	11,475,877	23,967,256	33,041,302
2016-17	358,702,840	11,625,829	62,984,787	34,600,137
2017-18	372,172,479	14,003,545	53,283,020	41,307,611

Gifts received by the 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	Unrestricted Gifts	Restricted Gifts	Endowments	Total Gifts Received
2013-14	$4,345,564	$8,924,339	$5,185,395	$18,455,298
2014-15	3,036,657	28,778,519	6,899,982	38,715,158
2015-16	2,973,619	15,561,056	3,277,555	21,812,230
2016-17	3,955,238	18,025,050	5,261,581	27,241,869
2017-18	3,664,282	18,255,333	5,237,912	27,157,527

Report No. 2019-188
March 2019

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

FLORIDA INTERNATIONAL UNIVERSITY

For the Fiscal Year Ended
June 30, 2018

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2017-18 fiscal year, Dr. Mark B. Rosenberg served as President of Florida International University and the following individuals served as Members of the Board of Trustees:

[a] Member's term expired on 1-5-18. Vice Chair position was vacant through 6-30-18.
[b] Student Body President.
[c] Faculty Senate Chair.

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

The team leader was Kirenia Nieto, CPA, and the audit was supervised by Hector J. Quevedo, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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State of Florida Auditor General

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FLORIDA INTERNATIONAL UNIVERSITY

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SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the basic financial statements of Florida International University (a component unit of the State of Florida) 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, 2018. 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

We conducted our audit in accordance with 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.

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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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

Report on the 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, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2. to the financial statements, the University implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the 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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Florida International University's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2018, and June 30, 2017.

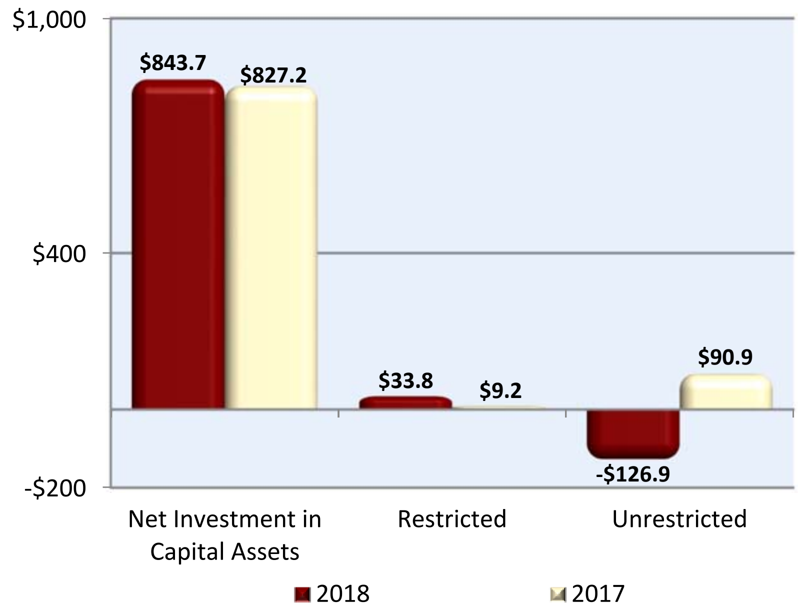
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled $1.6 billion at June 30, 2018. This balance reflects an increase of $75 million, or 4.9 percent, as compared to the 2016-17 fiscal year, resulting from an increase in combined cash and cash equivalents and investments of $27.4 million, a net increase in receivables of $20.3 million, a net increase in capital assets of $8.6 million, an increase in other current assets of $0.4 million, and an increase in deferred outflows of resources of $18.3 million. Liabilities and deferred inflows of resources also increased by $251.6 million, or 42.5 percent, totaling $843 million at June 30, 2018, resulting from increases in current liabilities of $0.7 million, noncurrent liabilities of $203.3 million and deferred inflows of resources of $47.6 million. As a result, the University's net position decreased by $176.7 million, resulting in a year-end balance of $750.6 million. The increases in deferred outflows, inflows of resources, and noncurrent liabilities, and the decrease in net position were principally due to pension-related activity as required to be reported by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The initial adoption of GASB Statement No. 75 also resulted in an adjustment to beginning net position of $207.2 million.

The University's operating revenues totaled $521.3 million for the 2017-18 fiscal year, representing a $1.8 million, or 0.3 percent increase compared to the 2016-17 fiscal year. Major components of operating revenues are student tuition and fees, auxiliary enterprise revenues, and Federal grants and contracts. The overall increase in operating revenue is mainly due to increases in Federal grants and contracts revenue of $13.8 million, and auxiliary enterprise revenue of $2.6 million. These increases were offset by a decrease in net student tuition and fees revenue of $16.5 million. Operating expenses totaled $1 billion for the 2017-18 fiscal year, representing an increase of $48.4 million, or 5 percent, as compared to the 2016-17 fiscal year due mainly to increases in compensation and employee benefits of $21.7 million, scholarships, fellowships, and waivers of $16.6 million, and services and supplies of $10.2 million.

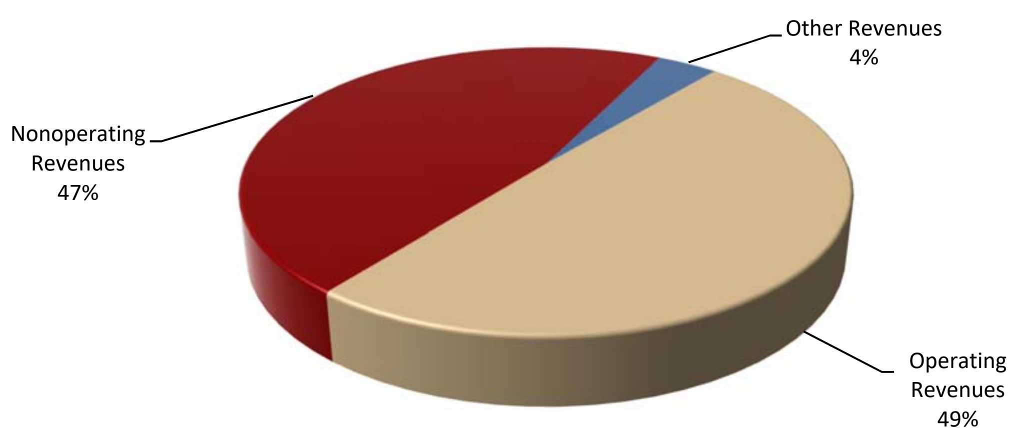
Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2018, and June 30, 2017, is shown in the following graph:

Net Position
(In Millions)



The following chart provides a graphical presentation of University revenues by category for the 2017-18 fiscal year:

Total Revenues
2017-18 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its component units. These component units include:

- Florida International University Foundation, Inc. (Foundation)

- FIU Athletics Finance Corporation (Finance Corporation)
- Florida International University Academic Health Center Care Network Faculty Group Practice, Inc. (Health Care Network)

Based on the application of the criteria for determining component units, the Foundation, Finance Corporation, and Health Care Network are included within the University reporting entity as discretely presented component units. Information regarding these discretely presented 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 discretely presented 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 Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

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

Condensed Statement of Net Position at June 30

(In Millions)

	2018	2017
Assets		
Current Assets	$ 454.3	$ 407.5
Capital Assets, Net	995.8	987.2
Other Noncurrent Assets	18.2	17.0
Total Assets	1,468.3	1,411.7
Deferred Outflows of Resources	125.3	107.0
Liabilities		
Current Liabilities	70.3	69.6
Noncurrent Liabilities	723.6	520.3
Total Liabilities	793.9	589.9
Deferred Inflows of Resources	49.1	1.5
Net Position		
Net Investment in Capital Assets	843.7	827.2
Restricted	33.8	9.2
Unrestricted	(126.9)	90.9
Total Net Position	$ 750.6	$ 927.3

Total assets as of June 30, 2018, increased by $56.6 million, or 4 percent. This increase is mainly due to an increase in combined cash and cash equivalents and investments of $27.4 million primarily driven by the reinvestment of realized gains of $25.1 million on the sale of investments. Also contributing to the increase in total assets is an increase in receivables of $20.3 million consisting of $12.7 million due from the State for new capital appropriations for construction projects, and $7.6 million from students, grants and contracts, and component units, along with a net increase in capital assets of $8.6 million. Deferred outflows of resources increased $18.3 million due to the annual recognition of the University's proportionate share of the actuarially determined amounts related to the Florida Retirement System (FRS) pension plans and other postemployment benefits payable (OPEB). Total liabilities as of June 30, 2018, increased by $204 million, or 34.6 percent. This increase is primarily due to an increase of $189.2 million and $22.5 million for the University's proportionate share of OPEB and FRS net pension liabilities, respectively. Similarly, there was an increase in deferred inflows of resources by $47.6 million also resulting from pension and OPEB related activity.

The Statement of Revenues, Expenses, and Changes in Net Position

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

The following summarizes the University's activity for the 2017-18 and 2016-17 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years

(In Millions)

	2017-18	**2016-17**
Operating Revenues	$ 521.3	$ 519.5
Less, Operating Expenses	1,014.5	966.1
Operating Loss	(493.2)	(446.6)
Net Nonoperating Revenues	483.5	420.2
Loss Before Other Revenues	(9.7)	(26.4)
Other Revenues	40.2	19.7
Net Increase (Decrease) In Net Position	30.5	(6.7)
Net Position, Beginning of Year	927.3	934.0
Adjustment to Beginning Net Position (1)	(207.2)	-
Net Position, Beginning of Year, as Restated	720.1	934.0
Net Position, End of Year	$ 750.6	$ 927.3

(1) As discussed in Notes 2. and 3. to the financial statements, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 75.

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 gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2017-18 and 2016-17 fiscal years:

Operating Revenues
For the Fiscal Years

(In Millions)

	2017-18	2016-17
Student Tuition and Fees, Net	$ 278.8	$ 295.3
Grants and Contracts	112.9	99.2
Sales and Services of Educational Departments	1.2	1.4
Sales and Services of Auxiliary Enterprises	106.7	104.1
Other	21.7	19.5
Total Operating Revenues	$ 521.3	$ 519.5

The following chart presents the University's operating revenues for the 2017-18 and 2016-17 fiscal years:

Operating Revenues

(In Millions)

University operating revenue changes were the result of the following factors:

- Net student tuition and fees revenue decreased $16.5 million or 5.6 percent. The decrease was the result of an increase in student tuition and fees of $12.8 million due to increases in undergraduate student enrollment, tuition differential revenue and out of state student tuition, offset by an increase in scholarship allowance of $29.3 million. The increase in scholarship allowance was driven by financial aid funding provided by the State of Florida Student Assistance

Grants (FSAG) and Bright Futures Scholarships. In addition, as a result of changes in Pell regulations, Pell Grant amounts offered increased from 100 percent to 150 percent of scheduled awards for an academic year.

- Grants and contracts overall revenue increased $13.7 million. This resulted primarily from increased revenue earned from federal grants including $3.4 million from new subcontract with Angola Cables S.A., $2.4 million from TIGER grant for bridge construction project expenses, $2 million from HIV/AIDS and Adolescent Brain Cognitive development research, and $1.2 million from subcontract with TI Sparkle Americas Inc.
- Sales and Services of Auxiliary Enterprises revenue increased $2.6 million, primarily due to an increase of $2.3 million from cost plus program revenue.

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 position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2017-18 and 2016-17 fiscal years:

Operating Expenses
For the Fiscal Years

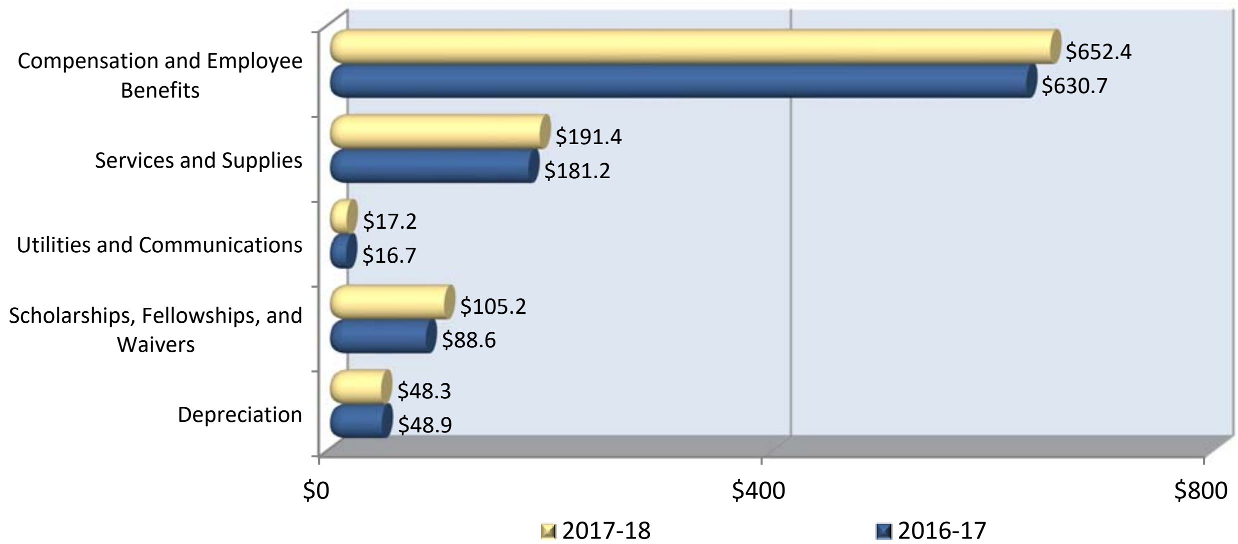
(In Millions)

	2017-18	**2016-17**
Compensation and Employee Benefits	$ 652.4	$ 630.7
Services and Supplies	191.4	181.2
Utilities and Communications	17.2	16.7
Scholarships, Fellowships, and Waivers	105.2	88.6
Depreciation	48.3	48.9
Total Operating Expenses	$ 1,014.5	$ 966.1

The following chart presents the University's operating expenses for the 2017-18 and 2016-17 fiscal years:

Operating Expenses

(In Millions)



Changes in operating expenses were the result of the following factors:

- Compensation and employee benefits increased $21.7 million, or 3.4 percent. This was primarily due to an increase in the number of employees combined with a 2 percent across the board salary increase and a 0.5 percent merit increase for eligible employees. Additionally, there were increases of $3.2 million in pension expenses and $3.2 million in employee health insurance costs.
- Services and supplies expenses increased $10.2 million, or 5.6 percent. The increase was primarily the result of increases in contractual services of $7.1 million, due to higher than expected costs incurred on Federal research projects and FEMA submission preparation. In addition, the University incurred additional expenses related to repairs of damages caused by Hurricane Irma, and the relocation of Athletics teams during and after the Hurricane.
- Scholarships, fellowships, and waivers expenses increased by $16.6 million, or 18.7 percent. The increase was primarily due to additional funding of $21.6 million and $20.1 million in Pell Grant program and FSAG and Bright Futures programs, respectively. These increases were offset by $29.3 million in incremental expenses that were classified to the scholarship allowance.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, 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 2017-18 and 2016-17 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years

(In Millions)

	2017-18	2016-17
State Noncapital Appropriations	$ 294.6	$ 278.0
Federal and State Student Financial Aid	151.3	110.9
Nonoperating Donations	26.4	23.7
Investment Income	16.7	13.7
Other Nonoperating Revenues	2.0	1.7
Loss of Disposal of Capital Assets	(0.6)	(0.4)
Interest on Capital Asset-Related Debt	(6.8)	(7.2)
Other Nonoperating Expenses	(0.1)	(0.2)
Net Nonoperating Revenues	$ 483.5	$ 420.2

Net nonoperating revenues increased by $63.3 million, due mainly to the following:

- State noncapital appropriations increased $16.6 million, or 6 percent, due to increases of $8.9 million for the Professional and Graduate Degree Program, $7.2 million for the World Class Faculty and Scholar Program, $2.2 million of incremental funding for the Board of Governor's performance model, $3.6 million of incremental appropriations for risk management insurance, health insurance premiums, and retirement benefits and $0.6 million for operational support. These increases were offset by a reduction of $3.7 million for prior year specific legislative line items that were non-recurring as well as a decrease of recurring special appropriations of $2.2 million.
- Federal and State student financial aid increased by $40.4 million, or 36.4 percent, primarily driven by increased funding for Pell Grants of $19.3 million, FSAG of $13.1 million and Bright Future Scholarships of $7 million.
- Nonoperating donations consisting of $2.7 million received from the Foundation, during the 2017-18 fiscal year.
- Investment income increased by $3 million, or 21.9 percent, mainly due to higher investment returns during the 2017-18 fiscal year.

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2017-18 and 2016-17 fiscal years:

Other Revenues
For the Fiscal Years

(In Millions)

	2017-18	2016-17
State Capital Appropriations	$ 33.0	$ 16.7
Capital Grants, Contracts, Donations, and Fees	7.2	3.0
Total	$ 40.2	$ 19.7

Total other revenues increased by $20.5 million, or 104.1 percent, due to a $16.3 million increase in State capital appropriations revenue earned for capital projects and a $4.2 million increase in capital grants and donations.

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 2017-18 and 2016-17 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years

(In Millions)

	2017-18	2016-17
Cash Provided (Used) by:		
Operating Activities	$ (411.1)	$ (351.5)
Noncapital Financing Activities	470.7	414.1
Capital and Related Financing Activities	(48.8)	(48.6)
Investing Activities	(11.5)	(10.4)
Net Increase (Decrease) in Cash and Cash Equivalents	(0.7)	3.6
Cash and Cash Equivalents, Beginning of Year	7.7	4.1
Cash and Cash Equivalents, End of Year	$ 7.0	$ 7.7

Major sources of funds came from proceeds from sales and maturities of investments ($1.1 billion), State noncapital appropriations ($294.6 million), net student tuition and fees ($275 million), Federal Direct Student Loan receipts ($261.5 million), Federal and State student financial aid ($177.1 million), grants and contracts ($112.3 million), sales and services of auxiliary enterprises ($106 million), and State capital appropriations ($19 million). Major uses of funds were for purchases of investments ($1.2 billion), payments made to and on behalf of employees ($616.4 million), disbursements to students for Federal Direct Student Loans ($263.2 million), payments to suppliers ($207.5 million), payments to and on behalf of students for scholarships and fellowships ($105.2 million), and purchases of capital assets ($61.2 million).

Capital Assets, Capital Expenses and Commitments, and Debt Administration

Capital Assets

At June 30, 2018, the University had $1.6 billion in capital assets, less accumulated depreciation of $608.6 million, for net capital assets of $995.8 million. Depreciation charges for the current fiscal year totaled $48.3 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)

	2018	2017
Land	$ 30.7	$ 30.7
Works of Art and Historical Treasures	5.6	4.9
Construction in Progress	87.4	72.4
Buildings	788.1	790.9
Infrastructure and Other Improvements	17.4	18.9
Furniture and Equipment	41.7	40.8
Library Resources	24.0	27.3
Leasehold Improvements	0.2	0.3
Computer Software	0.7	1.0
Capital Assets, Net	$ 995.8	$ 987.2

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, 2018, were incurred on the following projects: $10.7 million for the Recreation and Wellness Center expansion, $5.3 million for Auxiliary Construction Projects, $4.8 million for the Satellite Chiller Plant expansion, and $4.6 million for the Athletic Practice Fields. The University's construction commitments at June 30, 2018, are as follows:

	Amount (In Millions)
Total Committed	$ 129.9
Completed to Date	(87.4)
Balance Committed	$ 42.5

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

Debt Administration

As of June 30, 2018, the University had $152.1 million in outstanding capital improvement debt payable and installment purchase payable, representing a decrease of $7.9 million, or 4.9 percent, from the prior fiscal year. 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)

	2018	2017
Capital Improvement Debt	$ 150.6	$ 158.1
Installment Purchase Payable	1.5	1.9
Total	$ 152.1	$ 160.0

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Florida's economy continues to recover and grow albeit at a slower rate than previous years. General revenue collections for fiscal year 2017-18 were on target with State estimates and grew 5.5 percent over the prior year. The State forecasts general revenue will continue to grow at an average annual rate of 3.5 percent and will generate sufficient available funds to cover critical needs and other high priority expenditures through fiscal year 2019-20. State estimates indicate modest surpluses of $52 million and $223.4 million in fiscal years 2018-19 and 2019-20 respectively, followed by a shortfall of $47.8 million in fiscal year 2020-21. The total financial impact to the State from Hurricane Irma has not yet been fully quantified; however, it is likely the net loss to the State will exceed losses from calendar year 2005 of $203.3 million. The losses can be covered out of reserves, which the State estimates at $1.48 billion and $1.22 billion in the Budget Stabilization Fund and the General Revenue Reserve, respectively in the fiscal year 2018-19.

The Legislature continues to support Higher Education and provide funding for various programs and initiatives. During the 2018 Legislative Session, the Legislature introduced Senate Bill 4 or the "Florida Excellence in Higher Education Act of 2018" which was signed into law by the Governor. Senate Bill 4 aims to enhance State University quality and accessibility; key items include expanded student financial aid, World Class Faculty and Scholar Program to recruit and retain exemplary faculty and research scholars, State University Professional and Graduate Degree Excellence Program to enhance the quality and excellence of professional and graduate schools and degree programs, and changes to the Performance Funding Model.

The Legislature provided an additional $20 million for the World Class Faculty Scholar Program and another $10 million for the State University Professional and Graduate Degree Excellence Program, of which FIU received $2.1 million and $1.9 million, respectively. Under Senate Bill 4, the Legislature changed the graduation and access rate metrics of the Performance Based funding model and charged the State University System (SUS) with providing recommendations on, "a process to achieve a complete performance-based continuous improvement-funding model." The Legislature provided the SUS with $560 million in performance funds, a $40 million increase over the prior year, which represents a State investment of $265 million and SUS investment of base funds of $295 million. FIU placed second among public universities in the State with 90 points and received a total of $73.7 million, an increase of $15.4 million over the prior year's allocation. Additionally, FIU received $1.2 million for retirement and risk management insurance pass-throughs, and $9 million in special appropriations. Consistent with prior years, tuition rates at all levels remain unchanged for the 2018-19 fiscal year.

The Governor, Legislature, and Florida Board of Governors continue to emphasize affordability and accountability to ensure a positive return on the tax dollars invested in the SUS. As an anchor institution in the community, FIU is committed to providing students with a relevant education, which will prepare them to make significant contributions to the development of the community in South Florida and the State at large.

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, Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

FLORIDA INTERNATIONAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position

June 30, 2018

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 6,687,948	$ 23,618,866
Investments	357,752,454	273,402,841
Accounts Receivable, Net	31,789,033	65,312,469
Loans and Notes Receivable, Net	448,094	-
Due from State	52,854,951	-
Due from Component Units/University	3,871,264	298,105
Inventories	426,138	-
Other Current Assets	427,883	1,734,318
Total Current Assets	454,257,765	364,366,599
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	314,639	-
Restricted Investments	8,263,076	2,716,694
Loans and Notes Receivable, Net	1,495,776	-
Depreciable Capital Assets, Net	872,102,556	16,279,829
Nondepreciable Capital Assets	123,675,822	1,428,350
Due from Component Units/University	8,239,864	-
Other Noncurrent Assets	-	18,148,491
Total Noncurrent Assets	1,014,091,733	38,573,364
Total Assets	1,468,349,498	402,939,963
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	5,991,113	-
Pensions	119,280,962	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	1,254,826
Deferred Amount on Debt Refundings	-	221,504
Total Deferred Outflows of Resources	125,272,075	1,476,330
LIABILITIES		
Current Liabilities:		
Accounts Payable	27,062,217	2,167,636
Construction Contracts Payable	2,611,054	-
Salary and Wages Payable	13,471,553	-
Deposits Payable	3,719,290	-
Due to State	144,127	-
Due to Component Units/University	157,460	3,691,018
Unearned Revenue	6,317,012	1,192,249
Other Current Liabilities	381,671	191,741
Long-Term Liabilities - Current Portion:		
Bonds Payable	-	1,325,000
Capital Improvement Debt Payable	7,829,422	-
Notes Payable	-	865,000
Installment Purchase Payable	483,565	-
Compensated Absences Payable	3,694,967	-
Liability for Self-Insured Claims	97,467	-
Other Postemployment Benefits Payable	2,964,000	-
Net Pension Liability	1,406,387	-
Total Current Liabilities	70,340,192	9,432,644

FLORIDA INTERNATIONAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2018

	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	27,265,000
Capital Improvement Debt Payable	142,752,056	-
Notes Payable	-	2,897,228
Installment Purchase Payable	985,448	-
Compensated Absences Payable	43,664,260	-
Due to Component Units/Universty	-	8,239,864
Unearned Revenues	36,334,903	155,000
Liability for Self-Insured Claims	101,497	-
Other Postemployment Benefits Payable	274,370,000	-
Net Pension Liability	223,128,124	-
Other Long-Term Liabilities	2,250,717	9,086,317
Total Noncurrent Liabilities	723,587,005	47,643,409
Total Liabilities	793,927,197	57,076,053
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	39,272,825	-
Pensions	9,852,335	-
Total Deferred Inflows of Resources	49,125,160	-
NET POSITION		
Net Investment in Capital Assets	843,727,887	13,348,894
Restricted for Nonexpendable:		
Endowment	-	217,434,299
Restricted for Expendable:		
Debt Service	2,860,232	-
Loans	702,755	-
Capital Projects	20,112,458	-
Other	10,056,501	109,058,945
Unrestricted	(126,890,617)	7,498,102
TOTAL NET POSITION	$ 750,569,216	$ 347,340,240

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

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FLORIDA INTERNATIONAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2018

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $165,856,295	$ 278,847,841	$ -
Federal Grants and Contracts	86,374,912	-
State and Local Grants and Contracts	8,926,858	-
Nongovernmental Grants and Contracts	17,586,950	-
Sales and Services of Educational Departments	1,198,182	-
Sales and Services of Auxiliary Enterprises ($31,053,449 Pledged for Housing Facility Capital Improvement Debt and $15,698,898 Pledged for the Parking Facility Capital Improvement Debt)	106,670,183	-
Sales and Services of Component Units	-	9,277,000
Gifts and Donations	-	27,362,527
Interest on Loans and Notes Receivable	62,829	-
Other Operating Revenues	21,598,748	9,159,674
Total Operating Revenues	521,266,503	45,799,201
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	652,444,684	-
Services and Supplies	191,321,182	35,929,181
Utilities and Communications	17,180,857	221,324
Scholarships, Fellowships, and Waivers	105,216,564	-
Depreciation	48,336,811	769,651
Other Operating Expenses	-	12,916,257
Total Operating Expenses	1,014,500,098	49,836,413
Operating Loss	(493,233,595)	(4,037,212)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	294,595,900	-
Federal and State Student Financial Aid	151,326,876	-
Noncapital Grants, Contracts, and Gifts	26,379,957	-
Investment Income	16,675,564	19,947,525
Other Nonoperating Revenues	2,021,027	-
Loss on Disposal of Capital Assets	(595,300)	-
Interest on Capital Asset-Related Debt	(6,840,289)	(1,510,824)
Other Nonoperating Expenses	(99,500)	-
Net Nonoperating Revenues	483,464,235	18,436,701
Income (Loss) Before Other Revenues and Expenses	(9,769,360)	14,399,489
State Capital Appropriations	33,049,878	-
Capital Grants, Contracts, Donations, and Fees	7,202,632	-
Other Expenses	-	(1,746,722)
Increase in Net Position	30,483,150	12,652,767
Net Position, Beginning of Year	927,300,388	334,687,473
Adjustment to Beginning Net Position	(207,214,322)	-
Net Position, Beginning of Year, as Restated	720,086,066	334,687,473
Net Position, End of Year	$ 750,569,216	$ 347,340,240

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, 2018

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 275,047,973
Grants and Contracts	112,278,857
Sales and Services of Educational Departments	1,198,182
Sales and Services of Auxiliary Enterprises	106,040,229
Interest on Loans and Notes Receivable	63,004
Payments to Employees	(616,443,855)
Payments to Suppliers for Goods and Services	(207,479,388)
Payments to Students for Scholarships and Fellowships	(105,216,564)
Payments on Self-Insured Claims	(24,834)
Loans Issued to Students	(4,197,270)
Collection on Loans to Students	4,384,242
Other Operating Receipts	23,264,316
Net Cash Used by Operating Activities	(411,085,108)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	294,595,900
Federal and State Student Financial Aid	177,067,877
Federal Direct Loan Program Receipts	261,468,001
Federal Direct Loan Program Disbursements	(263,239,719)
Operating Subsidies and Transfers	327,991
Net Change in Funds Held for Others	132,100
Other Nonoperating Receipts	710,636
Other Nonoperating Disbursements	(314,316)
Net Cash Provided by Noncapital Financing Activities	470,748,470
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	18,995,876
Capital Grants, Contracts, Donations and Fees	6,914,112
Other Receipts for Capital Projects	1,310,392
Capital Subsidies and Transfers	(49,988)
Purchase or Construction of Capital Assets	(61,187,890)
Principal Paid on Capital Debt	(7,672,561)
Interest Paid on Capital Debt	(7,139,711)
Net Cash Used by Capital and Related Financing Activities	(48,829,770)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,120,616,983
Purchases of Investments	(1,162,494,864)
Investment Income	30,322,698
Net Cash Used by Investing Activities	(11,555,183)
Net Decrease in Cash and Cash Equivalents	(721,591)
Cash and Cash Equivalents, Beginning of Year	7,724,178
Cash and Cash Equivalents, End of Year	$ 7,002,587

FLORIDA INTERNATIONAL UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2018

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (493,233,595)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	48,336,811
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(5,302,310)
Inventories	(44,856)
Other Assets	(390,821)
Accounts Payable	1,226,926
Salaries and Wages Payable	(213,858)
Deposits Payable	1,178,191
Compensated Absences Payable	2,425,871
Unearned Revenue	1,118,743
Liability for Self-Insured Claims	24,972
Other Postemployment Benefits Payable	(20,497,000)
Net Pension Liability	22,453,378
Deferred Outflows of Resources Related to Other Postemployment Benefits	(3,475,435)
Deferred Inflows of Resources Related to Other Postemployment Benefits	39,272,825
Deferred Outflows of Resources Related to Pensions	(12,331,281)
Deferred Inflows of Resources Related to Pensions	8,366,331
NET CASH USED BY OPERATING ACTIVITIES	$ (411,085,108)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized loss on investments were recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (13,797,448)
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ (595,300)
Donation of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	$ 279,271

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

NOTES TO FINANCIAL STATEMENTS

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 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 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, and selecting the University President. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

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 to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services and are governed by separate boards. Florida Statutes authorize 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. (Foundation) – The purpose of the Foundation is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of the University and its objectives.
- FIU Athletics Finance Corporation (Finance Corporation) – The purpose of the Finance Corporation includes the support to the University in matters pertaining to the financing of the University's football stadium and, subsequently, the management and operation of the facility.
- Florida International University Academic Health Center Care Network Faculty Group Practice, Inc. (Health Care Network) – The purpose of the Health Care Network is to improve and support health education at the University.

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University. It receives 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. The total assets and operating revenues related to the Research Foundation are $151,986 and $10,000 respectively. The amounts represent less than 1 percent of the total aggregate component units' assets and operating revenues.

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 component units, including copies of audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University 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 Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

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

The University's discretely presented component units use the economic resources measurement focus and the accrual basis of accounting, and follow GASB standards of accounting and financial reporting except for the Foundation, which follows FASB standards of accounting and financial reporting not-for-profit organizations.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated.

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 of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the 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, using a ratio of total aid to aid not considered third-party aid.

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

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

Concentration of Credit Risk – Component Units. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

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

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), the Foundation, the Finance Corporation, and the Health Care Network 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, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted above, are insured or collateralized with securities held by the entity or its agent in the entity's name.

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, leasehold improvements, and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition 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 $250 for library resources, $5,000 for tangible personal property, and $50,000 for new buildings, leasehold improvements, 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
- Leasehold Improvements – Various based on lease terms
- Computer Software – 5 years

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of $6,956,868. 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 Finance Corporation are stated at cost and are net of accumulated depreciation of $40,150. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (5 years).

Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of $337,119. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, installment purchase payable, compensated absences payable, other postemployment benefits payable, unearned revenues, liability for self-insurance claims, net pension liabilities, and other long-term liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium and deferred losses on refunding. The University amortizes debt premiums over the life of the debt using the straight-line method. Deferred losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Reporting Change

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability.

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by $207,214,322 due to implementation of GASB Statement No. 75. The University's total OPEB liability reported at June 30, 2017, increased by $209,730,000 to $297,831,000 as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75. The adjustment to beginning net position includes $2,515,678 for the establishment of beginning deferred outflows of resources.

4. Deficit Net Position in Individual Funds

The University reported an unrestricted net position which included a deficit in the current funds – unrestricted as shown below.

Fund	Net Position
Current Funds - Unrestricted	$ (349,319,681)
Auxiliary Funds	222,429,064
Total	$ (126,890,617)

As shown in the following schedule, this deficit can be attributed primarily to the full recognition of long-term liabilities (i.e., compensated absences payable, OPEB payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time and financed by future appropriations:

		Amount
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflow of Resources, and Deferred Inflows of Resources		$ 346,190,206
Amount expected to be Financed in Future Years:		
Compensated Absences	$ 47,359,227	
Other Post Employment Benefits Payable and Related Deferred Outflows of Resources, and Deferred Inflows of Resources	310,615,712	
Net Pension Liability and Related Deferred Outflows of Resources, and Deferred Inflows of Resources	115,105,884	
Total Amount Expected to be Financed in Future Years		(473,080,823)
Total Unrestricted Net Position		$ (126,890,617)

5. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; 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; and other investments approved by the Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are valued using a matrix pricing model and represent significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The University's investment in money market funds are reported at amortized cost of $117,379,504 according to GASB Statement No. 72.

The University's investments at June 30, 2018, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	$ 11,059,555	$ -	$ -	$ 11,059,555
SBA Debt Service Accounts	2,563,076	2,563,076	-	-
Mutual Funds				
Equities	22,968,968	8,743,181	14,225,787	-
Fixed Income and Bond Mutual Funds	143,481,767	39,900,433	91,487,847	12,093,487
Commodities	12,063,458	-	12,063,458	-
Other Investments	6,307,545	-	-	6,307,545
Total investments by fair value level	$ 198,444,369	$ 51,206,690	$ 117,777,092	$ 29,460,587
Investments measured at the net asset value (NAV)				
Limited Partnerships	33,011,143			
Equities	17,180,514			
Total investments measured at NAV	50,191,657			
Total investments measured at fair value	$ 248,636,026			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Partnerships	$ 33,011,143	$ -	Quarterly/Annually	90 Days
Equities	17,180,514	6,926,880	Illiquid	N/A
Total investments measured at the NAV	$ 50,191,657			

Limited Partnerships: This category includes investments in a fund that invests in a portfolio of limited partnerships. The managers pursue multiple strategies to diversify risk and reduce volatility. The fair values of the investments have been determined by using the NAV per share of the investments. Redemption requests are received quarterly and require a 90-day written notice. Proceeds of the redemption, up to 90 percent, are available 27 calendar days after the redemption. The remaining 10 percent of the funds, in a complete liquidation, are available on the first week of April, after the redemption.

Equities: This category includes investments in two private equity funds. Each fund invests in equity securities and debt of the private companies or conduct buyouts of public companies that result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnerships, which range between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.

External Investment Pools.

The University reported investments at fair value totaling $11,059,555 at June 30, 2018, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 3 years, and fair value factor of 0.9872 at June 30, 2018. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts.

The University reported investments totaling $2,563,076 at June 30, 2018, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to 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, 2018, are as follows:

University Debt Investment Maturities

Type of Investment	Fair Market Value	Investment Maturities (In Years) Less Than 1	1-5	6-10	More Than 10
Short Term Bond Fund	$ 10,230,526	$ 2,169,166	$ 8,061,360	$ -	$ -
Bond Index Fund	29,669,908	301,468	12,611,672	11,759,135	4,997,633
TIPS Index Fund	37,297,269	7,459	14,191,611	16,388,420	6,709,779
Core Fixed Income	29,432,139	1,697,041	9,719,613	12,910,559	5,104,926
Credit Fixed Income	24,758,439	3,903,215	4,964,742	8,822,275	7,068,207
Secured Bank Loans	12,093,486	24,187	2,503,351	9,541,761	24,187
Total	$ 143,481,767	$ 8,102,536	$ 52,052,349	$ 59,422,150	$ 23,904,732

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized agency (i.e., Standard & Poor's or Moody's), as follows:

University Debt Investment Credit Quality Ratings

Type of Investment	Fair Value	AAA / Aaa	AA / Aa	A	BBB / Baa to Not Rated
Short Term Bond Fund	$ 10,230,526	$ 3,938,982	$ 859,333	$ 2,148,332	$ 3,283,879
Bond Index Fund	29,669,908	20,879,955	1,028,924	3,498,343	4,262,686
TIPS Index Fund	37,297,269	37,297,269	-	-	-
Core Fixed Income	29,432,139	19,342,646	405,106	2,765,290	6,919,097
Credit Fixed Income	24,758,439	2,479,657	1,300,796	6,777,830	14,200,156
Secured Bank Loans	12,093,486	-	-	-	12,093,486
Total	$ 143,481,767	$ 83,938,509	$ 3,594,159	$ 15,189,795	$ 40,759,304

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.

<u>Discretely Presented Component Unit Investments</u>.

The Foundation's investments at June 30, 2018, are reported at fair value as follows:

Investments by fair value level	Amount	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic Equities	$ 6,670,014	$ 6,670,014	$ -	$ -
Global Equities	25,104,065	25,104,065	-	-
Fixed Income	35,540,842	35,540,842	-	-
Real Assets	7,439,797	7,439,797	-	-
Total investments by fair value level	$ 74,754,718	$ 74,754,718	$ -	$ -
Investments measured at the net asset value (NAV)				
Domestic Equities	36,836,095			
Global Equities	55,557,878			
Fixed Income	3,141,112			
Real Assets	3,873,846			
Hedge Funds	58,576,215			
Private Investments	40,000,230			
Total investments measured at NAV	197,985,376			
Total investments measured at fair value	$ 272,740,094			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equities:				
Domestic Equities	$ 36,836,095	$ -	Monthly/Quarterly	5 - 45 Days
Global Equities	46,410,356	-	Monthly/Quarterly	6 - 60 Days
Emerging Markets	9,147,522	-	Monthly	7 - 30 Days
Fixed Income:				
Domestic Fixed Income	3,139,912	-	Daily	2 Days
Global Bonds	1,200	-	Monthly	10 Days
Real Assets:				
Natural Resource Equities	3,873,846	-	Monthly	30 Days
Hedge Funds:				
Fund of Funds	30,200	-	Quarterly	90 Days
Long/Short Equity	34,525,093	-	Quarterly - Every 3 Years	30 - 180 Days
Event Driven/Open Mandate	16,147,072	-	Quarterly - Annually	30 - 90 Days
Global Macro	7,873,850	-	Monthly	3 - 14 Days
Private Investments:				
Private Equity	22,454,969	14,358,081	Illiquid	N/A
Venture Capital	17,545,261	2,494,428	Illiquid	N/A
Total Investments Measured at the NAV	$ 197,985,376	$ 16,852,509		

Net Asset Value.

The investments held at net asset value reflect:

Domestic equities: This category includes investments in publicly listed equities of companies domiciled in the U.S.

Global equities: This category includes investments in publicly listed equities of companies domiciled globally.

Emerging markets: This category includes investments in publicly listed equities of companies listed in markets which have been categorized as emerging.

Domestic fixed income: This category includes investments in publicly traded debt instruments traded in the U.S.

Global bonds: This category includes investments in globally listed public debt instruments.

Natural resources equities: This category includes investments in publicly listed equities of companies that derive a substantial portion of their operations from natural resources related business operations.

Fund of funds: This category includes investments in hedge funds that invest in a portfolio of other hedge funds.

Long/short equity: This category includes investments in hedge funds that invest domestically and globally in both long and short common stocks across all market capitalizations. These investments offer a low correlation to traditional long-only equity benchmarks in order to achieve absolute return. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

Event driven/open mandate: This category includes investments in hedge funds that invest in event-driven strategies including merger arbitrage, distressed debt, and convertible arbitrage to achieve returns.

Global macro: This category includes investments in hedge funds that invest in global macro strategies including long and short equities, currencies, commodities, etc. based on evaluation of macroeconomic trends.

Private equity: This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies or conduct buyouts of public companies that result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.

Venture capital: This category includes investments in several limited partnership funds that invest in early-stage, high-potential startup companies or small businesses that do not have access to public funding. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received when underlying companies are exited via acquisition or IPO.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the Finance Corporation money market mutual fund investments were rated AAAm by Standards & Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities

Investor Protection Corporation, subject to various limitations. At June 30, 2018, approximately $287,000,000 was held in these accounts. The Foundation believes that the number, diversity, and financial strength of the issuers mitigates the credit risks associated with all investments.

The Finance Corporation also maintains investment accounts with financial institutions that are not insured by the FDIC. These investments are made in accordance with the trust indenture. Money market fund shares are not guaranteed by the Federal government. Investments are reported at fair value of $3,379,441 at June 30, 2018. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

All of the Finance Corporation's investments at June 30, 2018, are held with Regions Morgan Keegan and are invested in money market funds. According to the bond indenture, the Finance Corporation can invest the bond proceeds in these investment vehicles; there are not stated limitations on the amount that can be invested in any one issuer. The short-term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses and debt service payments.

Interest Rate Risk: Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on the final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions. The Finance Corporation's money market mutual fund's WAM at June 30, 2018, is 26 days while the WAL is 83 days.

6. 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, 2018, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 20,171,341
Contracts and Grants	11,039,179
Other	578,513
Total Accounts Receivable, Net	$ 31,789,033

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 Doubtful Receivables. Allowances for doubtful accounts and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of $8,797,052 and $1,533,598, respectively, at June 30, 2018.

7. Due From State

The amount due from State consists of $20,119,096 of Public Education Capital Outlay, $10,034,416 of Capital Improvement Fee Trust Fund and $22,701,439 of General Revenues allocations for construction of University facilities.

8. Due From and To Component Units/University

The University's financial statements are reported for the fiscal year ended June 30, 2018. One component unit is not presented (see Note 1.). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the statement of net position do not agree with amounts reported by the component units as due from and to the University.

9. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 30,689,426	$ -	$ -	$ 30,689,426
Works of Art and Historical Treasures	4,903,238	706,236	9,000	5,600,474
Construction in Progress	72,441,734	40,443,995	25,499,807	87,385,922
Total Nondepreciable Capital Assets	$ 108,034,398	$ 41,150,231	$ 25,508,807	$ 123,675,822
Depreciable Capital Assets:				
Buildings	$ 1,147,966,551	$ 25,499,807	$ 255,080	$ 1,173,211,278
Infrastructure and Other Improvements	35,474,503	-	-	35,474,503
Furniture and Equipment	140,715,414	11,729,720	6,339,873	146,105,261
Library Resources	117,133,008	4,536,381	91,121	121,578,268
Leasehold Improvements	752,567	-	-	752,567
Computer Software	3,508,736	52,833	17,249	3,544,320
Total Depreciable Capital Assets	1,445,550,779	41,818,741	6,703,323	1,480,666,197
Less, Accumulated Depreciation:				
Buildings	357,100,376	28,160,530	100,265	385,160,641
Infrastructure and Other Improvements	16,567,432	1,505,941	-	18,073,373
Furniture and Equipment	99,895,945	10,428,330	5,910,574	104,413,701
Library Resources	89,837,311	7,832,559	91,122	97,578,748
Leasehold Improvements	450,428	65,921	-	516,349
Computer Software	2,492,361	343,530	15,062	2,820,829
Total Accumulated Depreciation	566,343,853	48,336,811	6,117,023	608,563,641
Total Depreciable Capital Assets, Net	$ 879,206,926	$ (6,518,070)	$ 586,300	$ 872,102,556

10. Unearned Revenue

Unearned revenue at June 30, 2018, includes contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, research services center fees, deferred rent, conference center fees, land use fees, and athletic revenues received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2018, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 3,015,120
Admission Fees	1,502,790
Stadium Rental Income	1,304,083
Research Service Center Fees	159,121
Deferred Rent	146,382
Conference Center Fees	122,267
Land Use Fees	52,381
Athletic Revenues	14,868
Total Unearned Revenue	$ 6,317,012

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2018, include capital improvement debt payable, installment purchase payable, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenues, liability for self-insured claims, net pension liability, and other long-term liabilities. Long-term liabilities activity for the fiscal year ended June 30, 2018, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 158,075,900	$ -	$ 7,494,422	$ 150,581,478	$ 7,829,422
Installment Purchase Payable	1,946,574	-	477,561	1,469,013	483,565
Compensated Absences Payable	44,933,356	5,518,021	3,092,150	47,359,227	3,694,967
Other Postemployment Benefits Payable (1)	297,831,000	26,809,000	47,306,000	277,334,000	2,964,000
Unearned Revenue	36,044,103	1,900,000	1,609,200	36,334,903	-
Liability for Self-Insured Claims	173,992	49,389	24,417	198,964	97,467
Net Pension Liability	202,081,133	139,255,396	116,802,018	224,534,511	1,406,387
Other Long-Term Liabilities	2,384,877	-	134,160	2,250,717	-
Total Long-Term Liabilities	$ 743,470,935	$ 173,531,806	$ 176,939,928	$ 740,062,813	$16,475,808

(1) OPEB Beginning balance adjusted for adoption of GASB Statement No. 75, as described in Note 3.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2018:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2011A Student Apartments Refunding	$ 22,210,000	$ 13,479,308	3.00 - 5.00	2025
2012A Student Apartments	53,655,000	48,604,141	3.00 - 4.25	2041
2015A Student Apartments Refunding	29,105,000	24,926,481	3.00 - 5.00	2034
Total Student Housing Debt	104,970,000	87,009,930		
Parking Garage Debt:				
2009B Parking Garage	28,915,000	25,920,000	5.40 - 6.875	2039
2013A Parking Garage	48,365,000	37,651,548	3.00 - 5.25	2043
Total Parking Garage Debt	77,280,000	63,571,548		
Total Capital Improvement Debt	$ 182,250,000	$ 150,581,478		

(1) Amount outstanding includes unamortized premiums and deferred losses on refunding issues.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay $182,250,000 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 parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and an assessed transportation fees per student and are payable through 2043. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $229,451,016, and principal and interest paid for the current year totaled $14,312,585. During the 2017-18 fiscal year, housing rental income totaled $31,053,449, and parking fees totaled $15,698,898, comprised of traffic and parking fees totaling $4,752,998, and assessed transportation fees totaling $10,945,900.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 7,530,000	$ 6,768,605	$ 14,298,605
2020	7,280,000	6,412,865	13,692,865
2021	7,610,000	6,069,390	13,679,390
2022	7,885,000	5,793,268	13,678,268
2023	6,535,000	5,459,217	11,994,217
2024-2028	33,890,000	23,148,415	57,038,415
2029-2033	30,170,000	16,187,444	46,357,444
2034-2038	28,470,000	8,970,725	37,440,725
2039-2043	19,025,000	2,246,087	21,271,087
Subtotal	148,395,000	81,056,016	229,451,016
Net Premiums and Losses on Bond Refundings	2,186,478	-	2,186,478
Total	$ 150,581,478	$ 81,056,016	$ 231,637,494

Installment Purchase Payable. The University has entered into an installment purchase agreement for the purchase of equipment totaling $2,425,770. The stated interest rate is 1.2515 percent. Future minimum payments remaining under installment purchase agreement and the present value of the minimum payments as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Amount
2019	$ 499,686
2020	499,686
2021	499,686
Total Minimum Payments	1,499,058
Less, Amount Representing Interest	30,045
Present Value of Minimum Payments	$ 1,469,013

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 noncapital 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, 2018, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $47,359,227. The current portion of the compensated absences liability, $3,694,967, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. 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. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB 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 retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $277,334,000 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date. At June 30, 2017, the University's proportionate share, determined by its proportion of total benefit payments made, was 2.57 percent, which was an increase of 0.05 from its proportionate share measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	3.58 percent
Healthcare cost trend rates	
PPO Plan	7.8 percent for 2018, decreasing to an ultimate rate of 3.8 percent for 2076 and later years
HMO Plan	5.2 percent for 2018, decreasing to an ultimate rate of 3.8 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017, valuation were based on the 2014 Experience Study prepared by Milliman on September 8, 2014. Updated Assumptions for the FRS July 1, 2016, Actuarial Valuation were approved by the 2016 FRS Actuarial Assumptions Conference.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017, valuation.

The following changes have been made since the prior valuation:

- The census data reflects changes in status for the 24-month period since July 1, 2015.
- The annual per capita claim costs have been updated to reflect current age-adjusted premiums.
- The premium rates have been updated to use the rates effective for 2017.
- Healthcare inflation rates have been updated to reflect the recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. Additionally, the updated trend rates reflect the information from the Report on the Financial Outlook for the fiscal years ending June 30, 2017, through June 30, 2023, as adopted August 3, 2017, by the Self-Insurance Estimated Conference.
- The active mortality rates have been updated to use rates mandated by Chapter 2015-157, Laws of Florida for pension plans. This law mandates the use of the assumption in either of the two most recent FRS valuations. The rates are those outlined in the Milliman's July 1, 2016, FRS valuation report.
- The discount rate as of the measurement date for GASB Statement No. 75 purposes is 3.58 percent. The prior GASB Statement No. 45 valuation used 4.00 percent. The GASB Statement No. 75 discount rate is based on the 20-year municipal bond rate as of June 29, 2017.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
University's proportionate share of the total OPEB liability	$348,240,000	$277,334,000	$223,715,000

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$218,192,000	$277,334,000	$359,015,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the fiscal year ended June 30, 2018, the University recognized OPEB expense of $18,264,390. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions or other inputs	$ -	$ 39,272,825
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	3,027,113	-
Transactions subsequent to the measurement date	2,964,000	-
Total	$ 5,991,113	$ 39,272,825

Of the total amount reported as deferred outflows of resources related to OPEB, $2,964,000 resulting from benefits payments and administration expense subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ (5,177,955)
2020	(5,177,955)
2021	(5,177,955)
2022	(5,177,955)
2023	(5,177,955)
Thereafter	(10,355,937)
Total	$(36,245,712)

Unearned Revenue. Long-term unearned revenue at June 30, 2018, includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida department of Education to spend the funds. Also included are prepaid stadium rental income received from the Finance Corporation, a National Institute of Health grant, land use fees, and other unearned revenues received prior fiscal year-end related to subsequent accounting periods. As of June 30, 2018, the University reported the following amounts as long-term unearned revenue:

Description	Amount
Stadium Rental Income	$ 18,148,491
State Capital Appropriations	10,000,000
National Institute of Health Grant	5,700,000
Land Use Fees	1,908,807
Other Unearned Revenue	577,605
Total Unearned Revenue	$ 36,334,903

Net Pension Liability. As a participating employer in the FRS, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2018, the University's proportionate share of the net pension liabilities totaled $224,534,511. Note 14. includes a complete discussion of defined benefit pension plans.

Other Long-Term Liabilities. Other long-term liabilities primarily represent the University's 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 have excess cash in the loan program.

12. Discretely Presented 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 Foundation and the Authority.

The bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. 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 18.). The $13 million original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The bond proceeds were used to acquire, construct, and equip a multi-function support complex located on the Modesto A. Maidique campus and to pay issuance costs. As of June 30, 2018, the outstanding principal balance due under this note payable was $3.8 million. For the year ended June 30, 2018, total interest incurred and paid was $126,130.

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

The bonds were repurchased by the Trustee under a commercial bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the bank converted the variable rate demand bonds into a 5-year tax exempt qualified loan. After the initial 5-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 5-year period. The Foundation agrees to pay interest at a rate of 67 percent of the 1-month London Interbank Offered Rate (LIBOR) plus 1.68 percent. The bond maturity date of May 1, 2022 remains unchanged. On July 30, 2010, the Foundation paid $52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments.

The aggregate maturities of the notes payable, as of June 30, 2018, are shown in the following table:

Fiscal Year Ending June 30	Amount
2019	$ 865,000
2020	910,000
2021	960,000
2022	1,075,000
Total	$ 3,810,000

<u>Notes Payable – The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. - Related Party Transaction</u>.

On August 27, 2010, the Health Care Network entered into a loan agreement totaling $5,321,198 with the University in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other University clinical activities. In June of 2015 the Health Care Network renegotiated the loan agreement with the University and borrowed an additional $3,015,652. The total loaned by the University to Health Care Network is $8,633,962. Interest on the loan accrues at 2 percent simple interest and the loan is scheduled to mature in June 2036.

Estimated principal and interest payments for the life of the amounts due to the University based on the balances as of June 30, 2018, are as follows:

Fiscal Year Ending June 30		Principal		Interest		Total
2019	$	327,991	$	154,312	$	482,303
2020		339,374		147,752		487,126
2021		351,033		140,965		491,998
2022		362,973		133,944		496,917
2023		375,202		126,685		501,887
2024-2028		2,069,966		515,763		2,585,729
2029-2033		2,422,636		94,991		2,517,627
2034-2036		1,466,439		55,826		1,522,265
Total	$	7,715,614	$	1,370,238	$	9,085,852

Bonds Payable – FIU Athletics Finance Corporation.

On December 1, 2009, the Finance 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 the 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.

On December 21, 2016, the Finance Corporation entered into four amendments to the trust indenture between Miami-Dade Authority and the Trustee which authorized the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds. The first amendment authorizes the reissuance of $9,000,000 Series 2009A-1 Bond. The interest rate on the Series 2009A-1 Bonds shall be at a rate equal to 2.8 percent per annum. The second, third, and fourth amendments authorized the reissuance of separate series of the Series 2009A Bonds in a principal amount of $8,400,000 (Series 2009A-2), $8,400,000 (Series 2009A-3) and $4,200,000 (Series 2009A-4), respectively. The interest rates on these Series 2009A bonds shall be at a rate equal to the sum of 63.7 percent of the 3-month LIBOR plus 1.40 percent.

The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2018, was $28,590,000.

The 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 $2,716,694 and is included in restricted investments.

Prior to the December 2016 reissuance, the Finance Corporation was required to maintain minimum deposits of $1,000,000 with a bank. As part of the amendment on December 21, 2016, the Finance Corporation agreed to use approximately $1,000,000 currently on deposit with the Trustee to pay in full the outstanding balance of the Series 2009B Bonds.

The interest rate on these bonds is both fixed and variable and is subject to a swap agreement (see Note 13.) 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.

The aggregate maturities of these bonds as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 1,325,000	$ 1,253,958	$ 2,578,958
2020	1,445,000	1,198,426	2,643,426
2021	1,505,000	1,131,936	2,636,936
2022	1,580,000	1,066,013	2,646,013
2023	1,645,000	996,845	2,641,845
2024-2028	9,520,000	3,834,954	13,354,954
2029-2032	11,570,000	1,454,692	13,024,692
Total	$ 28,590,000	$ 10,936,824	$ 39,526,824

13. Derivative Financial Instruments – Discretely Presented Component Units

The Finance Corporation 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. The interest rate swap agreement entered into by the Finance Corporation is discussed below.

FIU Athletics Finance Corporation.

Objectives. As a means to lower its borrowing costs and increase its savings, the Finance Corporation entered into an interest rate swap agreement in connection with its $30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the interest rate swap agreement was to effectively change the Finance Corporation's variable interest rate on the bonds to a synthetic fixed rate of 5.50 percent, which is the fixed rate payable by the Finance Corporation under the interest rate swap agreement of 3.60 percent plus 1.90 percent.

Terms. On December 22, 2009, the Finance Corporation entered into an interest rate swap agreement to hedge the floating rate on $21,000,000 of the principal amount of the 2009A bonds. This represents the fixed portion of the tax exempt bonds payable mentioned above. Under the interest rate 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 the 3-month LIBOR. The interest rate swap agreement has a maturity date of March 1, 2033.

Fair Value. As of June 30, 2018, the Finance Corporation interest rate swap agreement has a derivative liability of $2,683,290 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2018.

As of June 30, 2018, the fair value of the Series 2007A ineffective interest rate swap agreement was $1,428,464, which is included with reported other long-term liabilities. This interest rate swap agreement was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunding Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of $1,428,464 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunding Series 2009A bonds.

The synthetic instrument method evaluates the effectiveness of a potential hedging derivative instrument by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred outflows of resources in the amount of $1,254,826.

Credit Risk. As of June 30, 2018, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value. The interest rate swap agreement counterparty was rated A2 by Moody's Investors Service, A- by Standard & Poor's and BBB+ by Fitch ratings at June 30, 2018.

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 agreement are based on 63.7 percent of the 3-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 interest rate 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 Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty's 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 Ratings.

Swap Payments and Associated Debt. Using rates as of June 30, 2018, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Fiscal Year Ending June 30	Variable-Rate Bond Principal	Variable-Rate Bond Interest	Interest Rate Swap, Net	Total
2019	$ 950,000	$ 672,021	$ 333,250	$ 1,955,271
2020	995,000	639,826	319,907	1,954,733
2021	1,040,000	606,107	300,563	1,946,670
2022	1,090,000	570,862	283,086	1,943,948
2023	1,135,000	533,923	264,768	1,933,691
2024-2028	6,500,000	2,056,052	1,022,934	9,578,986
2029-2033	8,120,000	849,939	331,976	9,301,915
Total	$ 19,830,000	$ 5,928,730	$ 2,856,484	$ 28,615,214

Note: As rates vary, variable-rate bond interest payments and net swap payments will vary.

14. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled $38,895,741 for the fiscal year ended June 30, 2018.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class* (SMSC) – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Senior Management Service Class	2.00
Special Risk Class	3.00

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were:

	Percent of Gross Salary	
Class	Employee	Employer (1)
FRS, Regular	3.00	7.92
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk	3.00	23.27
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled $17,686,866 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of $172,260,097 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.582366480 percent, which was an increase of 0.00476259 from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $34,031,150. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,809,332	$ 954,232
Change of assumptions	57,891,554	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,269,036
Changes in proportion and differences between University contributions and proportionate share of contributions	14,139,356	-
University FRS contributions subsequent to the measurement date	17,686,866	-
Total	$ 105,527,108	$ 5,223,268

The deferred outflows of resources totaling $17,686,866, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 14,278,226
2020	29,096,928
2021	19,172,451
2022	4,041,200
2023	11,683,152
Thereafter	4,345,017
Total	$ 82,616,974

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2017 valuation was updated from 7.60 percent to 7.10 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's proportionate share of the net pension liability	$311,780,372	$172,260,097	$56,426,304

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

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $2,720,447 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of $52,274,414 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.488890375 percent, which was an increase of 0.006370452 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the University recognized pension expense of $4,864,591. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 108,844
Change of assumptions	7,347,985	4,520,223
Net difference between projected and actual earnings on HIS Plan investments	28,990	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	3,656,432	-
University HIS contributions subsequent to the measurement date	2,720,447	-
Total	$ 13,753,854	$ 4,629,067

The deferred outflows of resources totaling $2,720,447, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	$ 1,745,163
2020	1,739,677
2021	1,737,044
2022	1,220,788
2023	526,482
Thereafter	(564,814)
Total	$ 6,404,340

Actuarial Assumptions. The total pension liability at July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	3.58 percent

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

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.58 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	**Current Discount Rate (3.58%)**	**1% Increase (4.58%)**
University's proportionate share of the net pension liability	$59,652,029	$52,274,414	$46,129,269

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

15. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled $3,066,817 for the fiscal year ended June 30, 2018.

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 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.3 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.45 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $20,293,279, and employee contributions totaled $12,477,171 for the 2017-18 fiscal year.

16. Construction Commitments

The University's major construction commitments at June 30, 2018, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
University City Prosperity Project (1)	$ 12,247,766	$ 6,226,745	$ 6,021,021
Parkview Housing Phase II	5,000,000	186	4,999,814
Housing Projects	7,103,517	3,408,699	3,694,818
Auxiliary Projects	23,291,682	19,087,566	4,204,116
Subtotal	47,642,965	28,723,196	18,919,769
Projects with Balance Committed Under $3 Million	82,294,065	58,662,726	23,631,339
Total	$ 129,937,030	$ 87,385,922	$ 42,551,108

(1) On March 15, 2018, while under construction, the pedestrian bridge connecting the Modesto A. Maidique Campus with the City of Sweetwater suffered a total collapse, which brought construction to a halt. Per the grant agreement, the University is required to complete the project.

17. Operating Lease Commitments

The University leased building space under operating leases, which expire in 2034. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations. Included in the annual payments below are the minimum payments required for the operating lease due to the Foundation as described in Note 18. Future minimum lease commitments for these noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2019	$ 6,469,576
2020	6,611,754
2021	6,695,687
2022	5,724,525
2023	2,950,979
2024-2028	8,507,846
2029-2033	5,833,946
2034	1,341,032
Total Minimum Payments Required	$ 44,135,345

18. Operating Lease Commitments – Related Party Transactions

Florida International University Foundation, Inc.

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 Foundation. Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the Modesto A. Maidique 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. Total amounts paid to the Foundation under this agreement were $1,635,027 for the year ended June 30, 2018.

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 position; 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, 2018:

Fiscal Year Ending June 30	Amount
2019	$ 1,418,000
2020	1,418,000
2021	1,418,000
2022	1,418,000
Total Minimum Payments Required	$ 5,672,000

<u>FIU Athletics Finance Corporation</u>.

The University and the Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007, rendering the rights to the Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was used to finance a stadium improvement project located on University premises. Under this agreement, the Finance Corporation prepaid to the University, for rental of the premises, the sum of $31,937,211.

The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

Fiscal Year Ending June 30	Amount
2019	$ 1,304,083
2020	1,304,083
2021	1,304,083
2022	1,304,083
2023	1,304,083
2024-2028	6,520,416
2029-2033	6,411,743
Total Minimum Payments Required	$ 19,452,574

19. 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, or 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 through to July 2021, at which time it can be renewed for an additional period of ten years.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collection" 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 University's financial statements. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired, or as temporarily or permanently restricted net position if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net position 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.

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, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately $3.1 million during the 2017-18 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 $0.2 million during the 2017-18 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

20. 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, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2017-18 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $92.5 million for named windstorm and flood through February 14, 2018, and decreased to $78 million starting February 15, 2018. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to $200,000 per person and $300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 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 or act as Good Samaritans; and student professional liability coverage not to exceed a per occurrence limit of $1,000,000 if such limits are required by an affiliated hospital or healthcare affiliate.

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 2016-17 and 2017-18 fiscal years are 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, 2017	$ 207,160	$ (18,997)	$ (14,171)	$ 173,992
June 30, 2018	173,992	49,389	(24,417)	198,964

21. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department 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 position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	$ 320,540,259
Research	126,770,075
Public Services	10,600,450
Academic Support	110,984,150
Student Services	66,956,909
Institutional Support	97,221,857
Operation and Maintenance of Plant	64,631,067
Scholarships, Fellowships, and Waivers	105,216,564
Depreciation	48,336,811
Auxiliary Enterprises	63,241,956
Total Operating Expenses	$ 1,014,500,098

22. 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:

Condensed Statement of Net Position

	Housing Facilty Capital Improvement Debt	Parking Facilty Capital Improvement Debt
Assets		
Current Assets	$ 25,969,155	$ 9,211,667
Capital Assets, Net	125,264,911	100,772,119
Other Noncurrent Assets	12,283	3,534,519
Total Assets	151,246,349	113,518,305
Liabilities		
Current Liabilities	5,606,962	4,327,032
Noncurrent Liabilities	82,955,884	60,122,761
Total Liabilities	88,562,846	64,449,793
Net Position		
Net Investment in Capital Assets	38,238,382	37,888,638
Restricted - Expendable	12,282	3,271,454
Unrestricted	24,432,839	7,908,420
Total Net Position	$ 62,683,503	$ 49,068,512

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

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	$ 31,053,449	$ 15,698,898
Depreciation Expense	(3,804,481)	(2,928,209)
Other Operating Expenses	(18,574,498)	(7,651,892)
Operating Income	8,674,470	5,118,797
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	295,675	121,065
Interest Expense	(3,357,216)	(3,460,948)
Other Nonoperating Expense	-	(1,681)
Net Nonoperating Expenses	(3,061,541)	(3,341,564)
Income before Transfers	5,612,929	1,777,233
Net Transfers	-	557,059
Capital Grants	-	567,765
Increase in Net Position	5,612,929	2,902,057
Net Position, Beginning of Year	57,070,574	46,166,455
Net Position, End of Year	$ 62,683,503	$ 49,068,512

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 11,419,355	$ 8,027,616
Noncapital Financing Activities	69,033	8,657
Capital and Related Financing Activities	(12,511,552)	(7,469,619)
Investing Activities	1,152,369	352,800
Net Increase in Cash and Cash Equivalents	129,205	919,454
Cash and Cash Equivalents, Beginning of Year	1,816,646	1,347,625
Cash and Cash Equivalents, End of Year	$ 1,945,851	$ 2,267,079

23. Discretely Presented Component Units

The University has 3 discretely presented component units. As discussed in Note 1., the financial activities of the Research Foundation are not included in the component units' columns of the financial statements. The 3 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:

Condensed Statement of Net Position

	Direct-Support Organizations			
	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Care Network Faculty Group Practice, Inc.	Total
Assets:				
Current Assets	$ 354,748,200	$ 2,956,845	$ 6,661,554	$ 364,366,599
Capital Assets, Net	17,424,279	69,350	214,550	17,708,179
Other Noncurrent Assets	-	20,865,185	-	20,865,185
Total Assets	372,172,479	23,891,380	6,876,104	402,939,963
Deferred Outflows of Resources	-	1,476,330	-	1,476,330
Liabilities:				
Current Liabilities	4,548,290	1,763,105	3,121,249	9,432,644
Noncurrent Liabilities	9,455,255	30,800,531	7,387,623	47,643,409
Total Liabilities	14,003,545	32,563,636	10,508,872	57,076,053
Net Position:				
Net Investment in Capital Assets	13,064,994	69,350	214,550	13,348,894
Restricted Nonexpendable	217,434,299	-	-	217,434,299
Restricted Expendable	109,058,945	-	-	109,058,945
Unrestricted	18,610,696	(7,265,276)	(3,847,318)	7,498,102
Total Net Position	$ 358,168,934	$ (7,195,926)	$ (3,632,768)	$ 347,340,240

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

	Direct-Support Organizations			
	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	$ 33,374,461	$ 4,053,083	$ 8,371,657	$ 45,799,201
Depreciation Expense	(679,022)	(21,900)	(68,729)	(769,651)
Operating Expenses	(41,385,945)	(2,318,927)	(5,361,890)	(49,066,762)
Operating Income (Loss)	(8,690,506)	1,712,256	2,941,038	(4,037,212)
Net Nonoperating Revenues (Expenses):				
Investment Income	19,908,559	38,966	-	19,947,525
Interest Expense	(126,130)	(1,224,044)	(160,650)	(1,510,824)
Net Nonoperating Revenues (Expenses)	19,782,429	(1,185,078)	(160,650)	18,436,701
Other Revenues, Expenses, Gains, and Losses	-	(300,000)	(1,446,722)	(1,746,722)
Increase in Net Position	11,091,923	227,178	1,333,666	12,652,767
Net Position, Beginning of Year	347,077,011	(7,423,104)	(4,966,434)	334,687,473
Net Position, End of Year	$ 358,168,934	$ (7,195,926)	$ (3,632,768)	$ 347,340,240

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	2017 (1)
University's proportion of the total other postemployment benefits liability	2.57%
University's proportionate share of the total other postemployment benefits liability	$ 277,334,000
University's covered-employee payroll	$ 388,298,438
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	71.42%

(1) The amounts presented for the fiscal year were determined as of June 30.

Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.582366480%	0.577603890%	0.567528557%	0.525779099%	0.380516592%
University's proportionate share of the FRS net pension liability	$ 172,260,097	$ 145,845,435	$ 73,303,925	$ 32,080,257	$ 65,503,841
University's covered payroll (2)	$ 388,298,438	$ 370,763,486	$ 355,458,891	$ 332,597,433	$ 305,657,917
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	44.36%	39.34%	20.62%	9.65%	21.43%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of University Contributions – Florida Retirement System Pension Plan

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	$ 17,686,866	$ 15,160,433	$ 14,085,792	$ 13,836,828	$ 11,516,793
FRS contributions in relation to the contractually required contribution	(17,686,866)	(15,160,433)	(14,085,792)	(13,836,828)	(11,516,793)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 402,854,082	$ 388,298,438	$ 370,763,486	$ 355,458,891	$ 332,597,433
FRS contributions as a percentage of covered payroll	4.39%	3.90%	3.80%	3.89%	3.46%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2017 (1)	**2016** (1)	**2015** (1)	**2014** (1)	**2013** (1)
University's proportion of the HIS net pension liability	0.488890375%	0.482519923%	0.472534740%	0.449262551%	0.417849098%
University's proportionate share of the HIS net pension liability	$ 52,274,414	$ 56,235,698	$ 48,191,110	$ 42,007,145	$ 36,379,258
University's covered payroll (2)	$ 168,353,927	$ 147,667,524	$ 140,089,301	$ 130,882,051	$ 118,388,264
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	31.05%	38.08%	34.40%	32.10%	30.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2018 (1)	**2017** (1)	**2016** (1)	**2015** (1)	**2014** (1)
Contractually required HIS contribution	$ 2,720,447	$ 2,587,349	$ 2,473,222	$ 1,806,322	$ 1,539,022
HIS contributions in relation to the contractually required HIS contribution	(2,720,447)	(2,587,349)	(2,473,222)	(1,806,322)	(1,539,022)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll (2)	$ 156,730,885	$ 168,353,927	$ 147,667,524	$ 140,089,301	$ 130,882,051
HIS contributions as a percentage of covered payroll	1.74%	1.54%	1.67%	1.29%	1.18%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. In 2018, amounts reported as changes of assumptions resulted from adjustments to active mortality rates, updates to HMO and PPO healthcare claims costs, changes in retiree contributions, change in trend rates, and a change in the discount rate of return. (Refer to Note 11. to the financial statements for further detail.)

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.60 percent to 7.10 percent, and the active member mortality assumption was updated.

3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

Sherrill F. Norman, CPA
Auditor General

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STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 22, 2019, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman, CPA
Tallahassee, Florida
March 22, 2019

Florida International University

Parking System

Financial Statements

For the Fiscal Years Ended
June 30, 2018 and June 30, 2017

Unaudited

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Management's Discussion and Analysis

The management's discussion and analysis (MD&A) introduces the Florida International University's Parking System Annual Financial Statements and provides an overview of the Parking System financial activities during the fiscal year ended June 30, 2018, and should be read in conjunction with the financial statements and notes hereto. This overview is required by the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, financial statements and notes hereto, are the responsibility of University Management. The MD&A contains financial activity of the University's Parking System for the fiscal years ended June 30, 2018, and June 30, 2017.

FINANCIAL HIGHLIGHTS

The Parking System's assets totaled $113.5 million at June 30, 2018. This amount is reported net of accumulated depreciation of $25.8 million. Total assets decreased $0.8 million or 0.7 percent as compared to the 2016-17 fiscal year. The decrease resulted primarily from current year depreciation on capital assets which was offset slightly by increased construction in progress.

Total liabilities were $64.4 million at June 30, 2018, compared to $68.1 million at June 30, 2017. The decrease of $3.7 million or 5.4 percent is mainly attributed to reductions of $3.4 million principal payments on capital improvement debt payable and a decrease in accounts payable of $0.2 million.

The Parking System's total net position balance of $49.1 million at the end of the year represents an increase of $2.9 million or 6.3 percent from the total beginning net position balance of $46.2 million. Total net position consisted of $37.9 million in net investment in capital assets, $7.9 million unrestricted and $3.3 million restricted, expendable for debt service and capital projects.

THE STATEMENT OF NET POSITION

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

The following summarizes the Parking System's assets, liabilities, and net position at June 30:

Condensed Statements of Net Position at June 30
(In Millions)

	2018	2017
Assets		
Current Assets	$ 9.2	$ 9.4
Capital Assets, Net	100.8	102.0
Other Noncurrent Assets	3.5	2.9
Total Assets	113.5	114.3
Liabilities		
Current Liabilities	4.3	4.4
Noncurrent Liabilities	60.1	63.7
Total Liabilities	64.4	68.1
Net Position		
Net Investment in Capital Assets	37.9	35.4
Restricted	3.3	2.9
Unrestricted	7.9	7.9
Total Net Position	$ 49.1	$ 46.2

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the Parking System's revenues 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.

Management's Discussion and Analysis

The following summarizes the Parking System's activity for the 2017-18 and 2016-17 fiscal years:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years
(In Millions)

	2017-18	2016-17
Operating Revenues	$ 15.7	$ 16.2
Less, Operating Expenses	10.6	11.5
Operating Income	5.1	4.7
Net Nonoperating Expenses	(3.3)	(3.7)
Income Before Other Revenues, Expenses, Gains, or Losses	1.8	1.0
Other Revenues, Expenses, Gains, or Losses	1.1	0.5
Increase in Net Position	2.9	1.5
Net Position, Beginning of Year	46.2	44.7
Net Position, End of Year	$ 49.1	$ 46.2

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 for the 2017-18 and 2016-17 fiscal years:

Operating Revenues
For the Fiscal Years
(In Millions)

	2017-18	2016-17
Parking Decal and Fees	$ 13.2	$ 12.8
Visitor Parking	0.8	0.8
Traffic Fines and Other Operating	1.7	2.6
Total Operating Revenues	$ 15.7	$ 16.2

Operating revenues were $15.7 million for the fiscal year 2017-18, representing a slight $0.5 million decrease from 2016-17 fiscal year. Revenues derived from parking decals and fees, totaling $13.2 million, were the largest components of operating revenues.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the Parking System 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 Parking System has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the 2017-18 and 2016-17 fiscal years:

Operating Expenses

For the Fiscal Years

(In Millions)

	2017-18	2016-17
Compensation and Employee Benefits	$ 2.9	$ 2.9
Services and Supplies	4.1	5.0
Utilities and Communications	0.4	0.5
Scholarships, Fellowships, and Waivers	0.3	0.2
Depreciation	2.9	2.9
Total Operating Expenses	$ 10.6	$ 11.5

Operating expenses totaled $10.6 million, representing a decrease of $0.9 million from the 2016-17 fiscal year. Operating expenses include depreciation expense of $2.9 million.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses reported during fiscal year 2017-18 consist of noncapital donations, investment income, interest expense, adjustments to the fair value of investments, loss on disposal of capital assets and other nonoperating expenses. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on asset related debt, realized investment income, adjustments to fair market value of investments and other nonoperating expenses.

Capital Grants and Donations

The Parking System received capital grant revenue of $0.6 million for the annual interest subsidy from the Federal Government for the Build America Bonds. The rate of the subsidy depends on the Federal Government sequestration rate through 2024, after which the rate will return to 35 percent. The Parking System will receive the annual subsidy for the life of the bonds.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the Parking System's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Parking System'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 provided by the operating activities of the Parking System. 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 2017-18 and 2016-17 fiscal years:

Condensed Statements of Cash Flows
For the Fiscal Years
(In Millions)

	2017-18	2016-17
Cash Provided (Used) by:		
Operating Activities	$ 8.0	$ 8.1
Capital and Related Financing Activities	(7.5)	(8.1)
Investing Activities	0.4	(0.1)
Net (Decrease) Increase in Cash and Cash Equivalents	0.9	(0.1)
Cash and Cash Equivalents, Beginning of Year	1.3	1.4
Cash and Cash Equivalents, End of Year	$ 2.2	$ 1.3

Major sources of funds were Parking decals and fees ($13.2 million) and traffic fines, towing and other operating revenues ($1.8 million). Major uses of funds were disbursements for payments to suppliers ($4.6 million), interest on capital debt ($3.6 million), payments made to and on behalf of employees ($3 million), payments for principal on capital improvement debt payable and refunding capital improvement debt ($3.3 million), and purchases of capital assets ($1.1 million).

CAPITAL ASSETS

At June 30, 2018 the Parking System had $126.6 million in capital assets, less accumulated depreciation of $25.8 million, for net capital assets of $100.8 million. Depreciation charges for the current fiscal year totaled $2.9 million.

Capital Assets, Net at June 30

(In Millions)

	2018	2017
Construction in Progress	$ 3.8	$ 2.2
Buildings	96.0	98.7
Infrastructure and Other Improvements	0.4	0.4
Furniture and Equipment	0.6	0.7
Capital Assets, Net	$ 100.8	$ 102.0

DEBT ADMINISTRATION

As of June 30, 2018 the Parking System had $63.6 million in outstanding capital improvement debt payable.

The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30, 2018 and June 30, 2017:

Long-Term Debt, at June 30

(In Millions)

	2018	2017
Capital Improvement Debt Payable	$ 63.6	$ 67.0

In a continuous effort to provide better customer service to all constituents, the Parking System will continue to look into new strategies and develop services to provide improved access to education and research to all students, faculty and visitors.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, 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
Parking System
Statements of Net Position (Unaudited)
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,283,486	$ 1,336,410
Investments	7,460,190	7,392,608
Accounts Receivable, Net	467,485	651,384
Due from Component Units	507	25,251
Total Current Assets	9,211,668	9,405,653
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	983,593	11,215
Restricted Investments	2,550,927	2,861,991
Furniture and Equipment	1,602,106	1,575,107
Infrastructure and Other Improvements	950,226	950,226
Buildings	120,207,464	120,207,464
Construction in Progress	3,805,387	2,176,445
Accumulated Depreciation	(25,793,065)	(22,908,290)
Total Noncurrent Assets	104,306,638	104,874,158
Total Assets	113,518,306	114,279,811
LIABILITIES		
Current Liabilities:		
Accounts Payable	408,705	577,287
Construction Contracts Payable	263,065	265,118
Salaries and Wages Payable	60,390	115,069
Long-Term Liabilities - Current Portion		
Capital Improvement Debt Payable	3,583,474	3,433,474
Compensated Absences Payable	11,398	12,701
Total Current Liabilities	4,327,032	4,403,649
Noncurrent Liabilities:		
Capital Improvement Debt Payable	59,988,074	63,571,549
Compensated Absences Payable	134,688	138,158
Total Noncurrent Liabilities	60,122,762	63,709,707
Total Liabilities	64,449,794	68,113,356
NET POSITION		
Net Investment in Capital Assets	37,888,638	35,417,401
Restricted for Expendable		
Debt service	2,834,785	2,873,205
Capital Projects	436,669	-
Unrestricted	7,908,420	7,875,849
TOTAL NET POSITION	$ 49,068,512	$ 46,166,455

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

Parking System
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Operating Revenues:		
Parking Decal and Fees	$ 13,169,549	$ 12,837,740
Visitor Parking	768,588	747,673
Traffic Fines, Towing and Other Operating Revenue	1,760,761	2,570,370
Total Operating Revenues	15,698,898	16,155,783
EXPENSES		
Operating Expenses		
Compensation and Employee Benefits	2,903,765	2,904,023
Services and Supplies	4,054,705	4,942,348
Utilities and Communications	419,362	433,898
Scholarships, Fellowships, and Waivers	274,060	225,270
Depreciation	2,928,209	2,946,214
Total Operating Expenses	10,580,101	11,451,753
Operating Income	5,118,797	4,704,030
NONOPERATING REVENUES (EXPENSES)		
Noncapital Donations	8,657	9,864
Investment Income	109,319	61,709
Other Nonoperating Revenues	3,090	-
Loss on Disposal of Capital Assets	(1,681)	(1,656)
Interest on Capital Asset-Related Debt	(3,460,950)	(3,616,180)
Other Nonoperating Expenses	-	(166,251)
Net Nonoperating Expenses	(3,341,565)	(3,712,514)
Income Before Other Revenues, Expenses, Gains, or Losses	1,777,232	991,516
Capital Grants, Contracts, Donations, and Fees	567,765	652,129
Transfers (Out) In	557,060	(137,991)
Increase in Net Position	2,902,057	1,505,654
Net Position, Beginning of Year	46,166,455	44,660,801
Net Position, End of Year	$ 49,068,512	$ 46,166,455

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

Parking System
Statements of Cash Flows (Unaudited)
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales and Services of Parking System	$ 15,712,831	$ 16,127,681
Changes in Other Accounts Receivable	194,710	5,959
Payments to Employees	(2,963,217)	(2,866,831)
Payments to Suppliers for Goods and Services	(4,642,648)	(4,918,089)
Other Operating Disbursements	(274,060)	(225,269)
Net Cash Provided by Operating Activities	8,027,616	8,123,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital Donations	8,657	9,864
Net Cash Provided by Noncapital Financing Activities	8,657	9,864
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Advances to Other Funds	-	(377,577)
Capital Grants, Contracts, Donations, and Fees	570,855	652,129
Purchase or Construction of Capital Assets	(1,146,052)	(1,446,812)
Principal Paid on Capital Debt	(3,280,000)	(3,135,000)
Interest Paid on Capital Debt	(3,614,422)	(3,769,654)
Net Cash (Used) by Capital and Related Financing Activities	(7,469,619)	(8,076,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	243,548	(149,216)
Investment Income	109,252	61,512
Net Cash Provided (Used) by Investing Activities	352,800	(87,704)
Net Increase (Decrease) in Cash and Cash Equivalents	919,454	(31,303)
Cash and Cash Equivalents, Beginning of Year	1,347,625	1,378,928
Cash and Cash Equivalents, End of Year	$ 2,267,079	$ 1,347,625
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 5,118,797	$ 4,704,030
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	2,928,209	2,946,214
Change in Assets and Liabilities		
Accounts Receivable, Net	183,899	3,101
Due from Component Units	24,745	(25,243)
Accounts Payable	(168,582)	458,157
Accrued Salaries and Wages	(54,679)	22,964
Accrued Compensated Absences Current & Noncurrent	(4,773)	14,228
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,027,616	$ 8,123,451
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES		
Unrealized gains on investments were recognized as an increase (reduction) 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.	$ 67	$ 197
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 cash flow statement.	$ (1,681)	$ (1,656)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The financial statements of the Parking System are an integral part of the financial statements of Florida International University (the University). The University is a part of the State University System and accordingly, the University is governed, regulated, and coordinated by the Florida Board of Governors and the University's Board of Trustees.

Basis of Presentation. The Parking System's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB. GASB allows public universities various reporting options. The Parking System 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:
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Notes to Financial Statements

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

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets. The Parking System's capital assets consist of buildings, infrastructure and improvements, furniture and equipment and construction in progress. 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 $5,000 for tangible personal property and $50,000 for buildings, leasehold improvements 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

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable and compensated absences payable. Capital improvement debt is reported net of unamortized premium and deferred losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. The University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, accordingly, debt issuance costs previously reported as deferred charges have been expensed during the current year.

2. INVESTMENTS

Investments for the Parking System are reported at the market value of $10,011,117 and $10,254,599 at June 30, 2018 and 2017, respectively.

Section 1011.42(5), Florida Statues, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University 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 provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University Board of Trustees as authorized by law. Investments set aside to make debit service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The Parking System's investments as of June 30, 2018 consist of money market funds reported at amortized cost totaling $7,460,190 and $7,392,608 at June 30, 2018 and 2017, respectively, and SBA Debt Service Accounts totaling $2,550,927 and $2,861,991 at June 30, 2018 and 2017, respectively reported as a Level 1 inputs at fair value according to GASB No. 72.

2. INVESTMENTS (Continued)

State Board of Administration Debt Service Accounts

The Parking System's reported investments totaling $2,550,927 and $2,861,991 at June 30, 2018 and 2017 respectively, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the Parking System. The Parking System's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value (Level 1 inputs). The Parking System 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.

3. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for parking fees and citations due to the Parking System. The Parking System's accounts receivable totaled $1,544,265 and $1,719,168 at June 30, 2018 and 2017, respectively.

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. The Parking System's accounts receivable are reported net of allowances of $1,076,780 and $1,067,784, at June 30, 2018 and 2017, respectively.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Construction in Progress	$ 2,176,445	$ 1,710,167	$ 81,225	$ 3,805,387
Depreciable Capital Assets:				
Buildings	$ 120,207,464	$ -	$ -	$ 120,207,464
Infrastructure and Other Improvements	950,226	-	-	950,226
Furniture and Equipment	1,575,107	82,963	55,964	1,602,106
Total Depreciable Capital Assets	122,732,797	82,963	55,964	122,759,796
Less, Accumulated Depreciation:				
Buildings	21,515,019	2,729,476	-	24,244,495
Infrastructure and Other Improvements	503,288	35,641	-	538,929
Furniture and Equipment	889,983	172,460	52,802	1,009,641
Total Accumulated Depreciation	22,908,290	2,937,577	52,802	25,793,065
Total Depreciable Capital Assets, Net	$ 99,824,507	$ (2,854,614)	$ 3,162	$ 96,966,731

5. LONG-TERM LIABILITIES

Long-term liabilities of the Parking System at June 30, 2018, include capital improvement debt payable and compensated absences payable.

Capital Improvement Debt Payable.

The University issued, through the Division of Bond Finance, capital improvement debt payable totaling $80,365,000 from the 2009A&B and 2013A capital investment debt payable series amounting to $32,000,000 and $48,365,000, respectively. The purpose of this capital improvement debt payable is to finance the construction of six parking garages on the Modesto A. Maidique Campus. This capital improvement debt payable is secured by traffic and parking fees and other revenue generated through parking operations.

The State Board of Administration administers the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

The Parking System had the following capital improvement debt payable outstanding at June 30, 2018:

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Parking Garage Debt				
2009A&B Parking Garage	$ 32,000,000	$ 25,920,000	5.10 - 6.875	2039
2013A Parking Garage	48,365,000	37,651,548	3.00 - 5.25	2043
Total Parking Garage Debt	$ 80,365,000	$ 63,571,548		

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

The Parking System has pledged a portion of future parking fees, and an assessed transportation fee per student to repay $80,365,000 of capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages. The bonds are payable solely from parking fees and assessed transportation fees per student and are payable through 2043. The Parking System has committed to appropriate each year from parking fees and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $109,134,283, and principal and interest paid for the current year totaled $6,740,948. Parking fees totaled $4,780,864 and $5,453,405 and assessed transportation fees totaled $10,945,900 and $10,702,378 for fiscal years June 30, 2018 and 2017, respectively.

6. LONG-TERM LIABILITIES (Continued)

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2018, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 3,430,000	$ 3,449,643	$ 6,879,643
2020	3,005,000	3,274,903	6,279,903
2021	3,140,000	3,120,477	6,260,477
2022	3,250,000	3,003,355	6,253,355
2023	1,750,000	2,833,655	4,583,655
2024-2028	9,845,000	12,763,628	22,608,628
2029-2033	12,185,000	9,768,356	21,953,356
2034-2038	15,315,000	5,783,906	21,098,906
2039-2043	11,120,000	1,564,812	12,684,812
Subtotal	63,040,000	45,562,735	108,602,735
Plus: Net Capital Improvement Debt Payable, Premiums, and Losses on Bond Refundings	531,548	-	531,548
Total	$ 63,571,548	$ 45,562,735	$ 109,134,283

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 noncapital 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. The Parking System's estimated liability for compensated absences, which includes the Parking System's share of the Florida Retirement System and FICA contributions, was $146,086 and $150,859 at June 30, 2018 and 2017, respectively. The current portion of the compensated absences liability is based on the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability.

APPENDIX J

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Board of Governors of the State of Florida (the "Board"), Florida 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 $19,805,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Refunding Bonds, Series 2019A (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 April 2, 2019, providing for the issuance of the Bonds (the "Authorizing Resolution"). The Board 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 Authorizing Resolution and the Original Resolution adopted by the Governing Board of the Division on February 28, 1995, as amended on June 12, 2002, September 10, 2002, and September 15, 2009 (collectively, the "Resolution") which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term financial obligation does not include municipal securities as to which a final official statement has been otherwise provided to the Municipal Securities Rulemaking Board (the "MSRB") under the Rule.

"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, under the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2019 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the University's fiscal year. Such information shall include:

(a) Daytime Campus Population and Total Number of Parking Spaces;
(b) Student Parking Access Fee;
(c) Number of Parking Decals Issued, Parking Decal Costs by Type, and Student Parking Access Fee Assessments;
(d) Comparison of Budget to Actual for Fiscal Year;
(e) Historical Statement of Revenues and Expenditures (Unaudited);
(f) Historical Summary of Balance Sheet Date (Unaudited);
(g) Schedule of Historical Pledged Revenues and Debt Service Coverage;
(h) Investment of Funds; and
(i) University Financial Statements.

(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.
(o) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(4) Failure to Provide Annual Financial Information; Remedies.

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

(B) Methods of Providing Information.

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

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

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

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

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

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

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

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

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

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

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

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Board or the University chooses to include additional information not specifically required by this Disclosure Agreement, the Board nor the University shall have any obligation to update such information or include it in any such future submission.

Dated this_____day of_________________, 2019.

FLORIDA BOARD OF GOVERNORS

By____
Chair

DIVISION OF BOND FINANCE

By____
Assistant Secretary

FLORIDA INTERNATIONAL UNIVERSITY

By_____________________________________
President

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[FORM OF BOND COUNSEL OPINION]

July 2, 2019

Board of Governors
Tallahassee, Florida

Division of Bond Finance
of the State Board of
Administration of Florida
Tallahassee, Florida

Ladies and Gentlemen:

We have served as Bond Counsel to the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") in connection with the issuance and sale of:

STATE OF FLORIDA
BOARD OF GOVERNORS
FLORIDA INTERNATIONAL UNIVERSITY
PARKING FACILITY REVENUE REFUNDING BONDS
SERIES 2019A
Dated July 2, 2019
(the "Bonds")

In such capacity examined certified copies of the proceedings of the Board of Governors (the “Board”), the Division of Bond Finance, and 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 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 certain of the outstanding State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2009B Build America Bonds (Federally Taxable – Issuer Subsidy) (the "Defeased Bonds") and paying costs of issuance 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 from the Pledged Revenues (as defined in the hereinafter defined Resolutions) on a parity with other outstanding series of State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, which will be outstanding following the issuance of the Bonds and any Additional Parity Bonds issued under the Resolutions.

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, under existing law, 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 February 28, 1995, as amended and supplemented by resolutions adopted on June 12, 2002, September 10, 2002, September 15, 2009 and April 2, 2019 (collectively, the "Resolution") and a resolution of the Board adopted March 28, 2013.

2. The Resolutions have been duly authorized and adopted by the Governing Board of the Division of Bond Finance. The provisions of the Resolutions, together with all documents authorized thereby to be executed on behalf of the Division of Bond Finance, are valid and enforceable in accordance with their terms, and create a valid lien on the Pledged Revenues for the security of the Bonds.

3. The Bonds (i) have been duly authorized by the Division of Bond Finance and the Board and executed and delivered by the Division of Bond Finance 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 Resolutions.

4. 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.

5. 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 Resolutions 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. 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.

We have not been engaged to and, therefore, express no opinion as to compliance by the Division of Bond Finance or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds or regarding the perfection or priority of the lien on the Pledged Revenues created by the Resolutions.

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 the Official Statement or other offering material relating to the Bonds and we express no opinion herein relating thereto.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2019A Bonds. The 2019A 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 2019A 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission

Purchases of the 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019A 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 2019A 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 2019A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all 2019A 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 2019A 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 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019A 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 2019A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019A Bond documents. For example, Beneficial Owners of 2019A Bonds may wish to ascertain that the nominee holding the 2019A 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 2019A 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 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Division as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019A 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 2019A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, (nor its nominee), the Bond Registrar/Paying Agent, the Division, or the Board of Governors (the "Board"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the 2019A Bonds at any time by giving reasonable notice to the Division or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division may decide to discontinue use of the system of book-entry transfers for the 2019A 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 2019A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the 2019A Bonds.

For every transfer and exchange of beneficial interests in the 2019A 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 2019A Bonds, references herein to the Registered Owners or Holders of the 2019A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2019A Bonds unless the context requires otherwise.

The Division, 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 2019A 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 2019A 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 2019A Bonds, or the purchase price of, any 2019A 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 2019A Bonds for partial redemption.

So long as the 2019A Bonds are held in book-entry only form, the Division, 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 2019A Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of, premium, if any, and interest on the 2019A Bonds;

(ii) giving notices of redemption and other matters with respect to the 2019A Bonds;

(iii) registering transfers with respect to the 2019A Bonds; and

(iv) the selection of the beneficial ownership interests in the 2019A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall only be applicable if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Division, the Board of Governors and the Bond Registrar/Paying Agent may treat the Registered Owner of any 2019A Bond as the absolute owner for all purposes, whether or not such 2019A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the 2019A Bonds will be payable upon presentation and surrender of the 2019A 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 2019A 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 2019A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division of Bond Finance and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or a duly authorized attorney. Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 2019A 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 2019A Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the 2019A Bonds. However, the Division and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses must be paid before any such new 2019A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2019A Bonds on the Record Date.

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