

New Issue - Book- Entry Only

This Official Statement has been prepared by the Division of Bond Finance in its capacity of Disclosure Counsel to provide information about the Series 2025A Bonds. *To make an informed decision, a prospective investor should read this Official Statement, including the Appendices attached hereto, in its entirety.* Unless otherwise indicated, capitalized terms have the meanings given in Appendices B, C, and D.

**\$23,575,000**

FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION
Capital Improvement Revenue Bonds, Series 2025A
(Employee Housing Project)

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

Bond Ratings	A- (stable outlook) Fitch Ratings A3 (stable outlook) Moody's Investor Service
Tax Status	In the opinion of Bryant Miller Olive P.A., Bond Counsel, assuming compliance by the Florida Gulf Coast University Financing Corporation (the "Financing Corporation") with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2025A 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; however, for tax years beginning after December 31, 2022, interest on the Series 2025A Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15% alternative minimum tax under section 55 of the Code. The Series 2025A Bonds and the income thereon are not subject to taxation under the laws of the State, except estate taxes and taxes under Chapter 220, Florida Statutes. See "TAX MATTERS" herein.
Redemption	Certain of the Series 2025A Bonds are subject to optional and mandatory redemption as provided in "REDEMPTION PROVISIONS" herein.
Security and Lien Priority	The Series 2025A Bonds and all payments by the Financing Corporation under the Indenture are general obligations of the Financing Corporation and are additionally payable from and secured by a first lien on the Trust Estate, as defined herein, which includes the Financing Corporation's right to receive Payments from the University Board pursuant to an Operating Agreement between the Financing Corporation and the University Board, on a parity with any Additional Bonds hereafter issued. The University Board's obligations under the Operating Agreement are secured by a pledge of the Net Revenues of the Employee Housing System and the Support Payments made by the Florida Gulf Coast University Foundation, Inc. (the "Foundation") pursuant to the Support Agreement by and between the Foundation and the Financing Corporation. See "SECURITY FOR THE SERIES 2025A BONDS."
Additional Bonds	Additional Parity Obligations payable from the Pledged Revenues may be incurred by the University Board under the Operating Agreement and Additional Bonds payable on parity with the Series 2025A Bonds may be issued by the Financing Corporation under the Indenture pursuant to the requirements described in "ADDITIONAL BONDS" herein.
Purpose	Proceeds of the Series 2025A Bonds, together with other legally available funds of the University Board, will be used to finance the 2025A Project, as defined herein, fund capitalized interest, and to pay costs of issuance, as more fully described in "PURPOSE OF THE ISSUE."
Interest Payment Dates	December 1 and June 1, commencing June 1, 2026.
Record Dates	May 15 and November 15.
Form/ Denomination	The Series 2025A 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 (as defined herein) in denominations of \$5,000 and integral multiples thereof. Purchasers of the Series 2025A Bonds will not receive physical delivery of the Series 2025A Bonds.
Closing/ Settlement	The Series 2025A Bonds will be available for delivery through the facilities of DTC in New York, New York on January 14, 2026.
Trustee/ Paying Agent	TD Bank, National Association, Jacksonville, Florida
Bond Counsel	Bryant Miller Olive P.A., Orlando, Florida.
Maturity Structure	The Series 2025A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

December 17, 2025

MATURITY STRUCTURE

<u>Initial CUSIP</u> ©	<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield*</u>	<u>First Optional Redemption Date and Price</u>
<u>Serial Bonds</u>					
34073XKJ6	June 1, 2028	\$390,000	5.250%	2.88%	-
34073XKK3	June 1, 2029	410,000	5.250	2.89	-
34073XKL1	June 1, 2030	430,000	5.250	2.92	-
34073XKM9	June 1, 2031	455,000	5.250	2.95	-
34073XKN7	June 1, 2032	475,000	5.250	3.02	-
34073XKP2	June 1, 2033	505,000	5.250	3.11	-
34073XKQ0	June 1, 2034	530,000	5.250	3.12	-
34073XKR8	June 1, 2035	555,000	5.250	3.21	-
34073XKS6	June 1, 2036**	585,000	5.000	3.33	June 1, 2035 @ 100%
34073XKT4	June 1, 2037**	615,000	5.000	3.47	June 1, 2035 @ 100
34073XKU1	June 1, 2038**	645,000	5.000	3.61	June 1, 2035 @ 100
34073XKV9	June 1, 2039**	680,000	5.000	3.75	June 1, 2035 @ 100
34073XKW7	June 1, 2040	710,000	4.000	4.10	June 1, 2035 @ 100
34073XKX5	June 1, 2041	740,000	4.000	4.18	June 1, 2035 @ 100
34073XKY3	June 1, 2042	770,000	4.000	4.28	June 1, 2035 @ 100
34073XKZ0	June 1, 2043	800,000	4.125	4.38	June 1, 2035 @ 100
34073XLA4	June 1, 2044	835,000	4.250	4.48	June 1, 2035 @ 100
34073XLB2	June 1, 2045	870,000	4.375	4.57	June 1, 2035 @ 100
34073XLC0	June 1, 2046	910,000	4.375	4.64	June 1, 2035 @ 100
34073XLD8	June 1, 2047	945,000	4.500	4.67	June 1, 2035 @ 100
34073XLE6	June 1, 2048	990,000	4.500	4.72	June 1, 2035 @ 100
34073XLF3	June 1, 2049	1,035,000	4.500	4.75	June 1, 2035 @ 100
<u>Term Bonds</u>					
34073XLH9	June 1, 2051	\$2,210,000	4.500%	4.80%	June 1, 2035 @ 100%
34073XLN6	June 1, 2056	6,485,000	4.750	4.85	June 1, 2035 @ 100

* Yield and price information provided by the Underwriter.

** The yields on these maturities are calculated to a 100% call on the first optional redemption date of June 1, 2035.

The Financing Corporation 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 Financing Corporation 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 Financing Corporation. 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 Financing Corporation 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 Series 2025A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION

BOARD OF DIRECTORS

JOSEPH R. CATTI
Chairman

STEPHEN S. MCINTOSH
Secretary

LARRY D. HART
Treasurer

DAVID VAZQUEZ
Executive Director

BOND COUNSEL
BRYANT MILLER OLIVE P.A.
Orlando Florida

DISCLOSURE COUNSEL AND FINANCIAL ADVISOR
DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
Tallahassee, Florida

TRUSTEE, PAYING AGENT, AND REGISTRAR
TD BANK, NATIONAL ASSOCIATION
Jacksonville, Florida

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OFFICIAL STATEMENT

Relating to

\$23,575,000

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION
Capital Improvement Revenue Bonds, Series 2025A
(Employee Housing Project)**

INTRODUCTION

This Official Statement, including the front cover and the Appendices attached hereto, sets forth information relating to the sale and issuance of the \$23,575,000 Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project), dated the date of delivery (the “Series 2025A Bonds”), by the Florida Gulf Coast University Financing Corporation (the “Financing Corporation”) on behalf of Florida Gulf Coast University (the “University”) pursuant to that certain Amended and Restated Trust Indenture, dated as of July 1, 2013 (the “Restated Trust Indenture”) and as supplemented, and as particularly supplemented and amended by the Fifth Supplement to Amended and Restated Trust Indenture, dated as of December 1, 2025, as may be further amended and supplemented from time to time (together with the Restated Indenture, the “Indenture”) all by and between the Financing Corporation and TD Bank, N.A., as trustee (the “Trustee”).

The Series 2025A Bonds are issued under the authority of and in full compliance with the laws of the State. See “AUTHORIZATION FOR THE SERIES 2025A BONDS” herein for a description of the legal authority for and the administrative authorizations of the Series 2025A Bonds.

The proceeds of the Series 2025A Bonds, together with other legally available funds of the University, will be used to finance the 2025A Project, as defined herein, to fund capitalized interest, and to pay costs of issuance. See “PURPOSE OF THE ISSUE” herein for a description of the 2025A Project and more detailed information.

The Series 2025A Bonds are payable solely from the Trust Estate, as defined herein, which includes the Financing Corporation’s right to receive payments from the University Board pursuant to an Operating Agreement between the Financing Corporation and the University Board, on a parity with any Additional Parity Obligations hereafter entered into. The University Board’s obligations under the Operating Agreement to make Payments for the payment of debt service on the Series 2025A Bonds are secured by a pledge of the Net Revenues of the Employee Housing System and the Support Payments made by the Florida Gulf Coast University Foundation, Inc. (the “Foundation”) pursuant to the Support Agreement by and between the Foundation and the Financing Corporation, pursuant to which the Foundation has agreed to make certain payments to the University Board with respect to the Series 2025A Bonds. See “SECURITY FOR THE SERIES 2025A BONDS” herein for more complete information.

THE SERIES 2025A BONDS AND ALL PAYMENTS BY THE FINANCING CORPORATION UNDER THE INDENTURE ARE GENERAL OBLIGATIONS OF THE FINANCING CORPORATION AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE, SUBJECT TO THE LIMITATIONS UNDER THE INDENTURE AND UNDER THE OPERATING AGREEMENT. THE SERIES 2025A BONDS ARE NOT A GENERAL OBLIGATION OF THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO PAYMENT OF THE SERIES 2025A BONDS. ADDITIONALLY, NEITHER THE FINANCING CORPORATION NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.

WHILE THE SERIES 2025A BONDS ARE A GENERAL OBLIGATION OF THE FINANCING CORPORATION, THE FINANCING CORPORATION DOES NOT ANTICIPATE HAVING ANY UNRESTRICTED ASSETS AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2025A BONDS OTHER THAN THE PAYMENTS FROM THE UNIVERSITY BOARD PURSUANT TO THE OPERATING AGREEMENT AND THE SUPPORT PAYMENTS MADE BY THE FOUNDATION TO THE UNIVERSITY BOARD. OWNERS OF THE SERIES 2025A BONDS SHOULD RELY SOLELY ON THE ABILITY OF THE UNIVERSITY BOARD TO MAKE PAYMENTS UNDER THE OPERATING AGREEMENT FROM THE EMPLOYEE HOUSING SYSTEM REVENUES AND THE SUPPORT PAYMENTS FROM THE FOUNDATION TO THE UNIVERSITY BOARD UNDER THE SUPPORT AGREEMENT FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2025A BONDS.

Certain statements contained in this Official Statement, including the Appendices hereto, reflect not historical facts but forecasts and constitute “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,”

“forecast,” “project,” “anticipate,” “expect,” “intend,” “believe,” “budget,” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements in this Official Statement are expressly qualified in their entirety by the cautionary statement set forth above. Additionally, estimates are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available. Also, estimates are subject to risks and uncertainties which may cause results to differ materially from those estimates set forth herein. No assurance is given that actual results will not differ materially from the estimates provided herein.

This Official Statement, including the front cover and the Appendices attached hereto, 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 Series 2025A 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 in their entirety by reference to the actual documents. All summaries herein of the Series 2025A Bonds and the documents authorizing and securing the same are qualified in their entirety by reference to the form thereof included in the aforesaid documents. References to websites, which are contained herein, and any information therein are for informational purposes only; any addresses of or links to such websites are given for convenience only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

AUTHORIZATION FOR THE SERIES 2025A BONDS

The Financing Corporation, has been certified by The Florida Gulf Coast University Board of Trustees (the “University Board”) as a direct support organization (“DSO”) of the University, as provided in Section 1004.28, Florida Statutes, and is authorized to issue revenue bonds to finance capital projects to provide facilities necessary and desirable to serve the needs and purposes of the University Board pursuant to Chapter 1004, Part II, and Chapter 1010, Part IV, Florida Statutes, as amended. The University Board and the Board of Governors of the State University System of Florida (the “Board of Governors”) approved the issuance of the Series 2025A Bonds by the Financing Corporation by resolutions adopted on September 9 and November 6, 2025, respectively. The Board of Directors of the Financing Corporation authorized the issuance and competitive sale of the Series 2025A Bonds pursuant to the terms of the Indenture and the Operating Agreement by a resolution adopted on November 7, 2025.

BOND DOCUMENTS

The Indenture

The Series 2025A Bonds are being issued pursuant to the Indenture. The Indenture provides for the issuance and sale of Bonds to finance various Capital Projects on behalf of the University, which are secured by and payable from the Trust Estate, including the right to receive Payments made by the University Board under the Operating Agreement and Support Payments made by the Foundation under the Support Agreement. Copies of the Restated Trust Indenture and the proposed form of the Fifth Supplemental Indenture are attached hereto as Appendix B.

The Operating Agreement

The Operating Agreement, dated as of December 1, 2025, between the Financing Corporation and the University Board, (the “Operating Agreement”), provides for the University Board to design, build, operate and maintain FGCU Employee Housing System, including the 2025A Project. Pursuant to the Operating Agreement, the University Board is obligated to make Payments, consisting of the Base Amount and Additional Sums, to the Financing Corporation. The University Board’s obligation to make Payments is secured by a lien on and pledge of the Net Revenues of the Employee Housing System and the Support Payments made by the Foundation to the University Board pursuant to the Support Agreement. The Operating Agreement will remain in effect so long as Bonds secured by the obligation to make Payments thereunder remain Outstanding. The Financing Corporation and the University Board have covenanted not to terminate or modify the Operating Agreement in any manner that would impair or adversely affect the holders of any obligations secured by the Payments due thereunder. The holders of such obligations, including the Owners of the Series 2025A Bonds, are deemed to be third-party beneficiaries of such covenant. A copy of the proposed form of the Operating Agreement is attached hereto as Appendix C.

The Support Agreement

The Support Agreement, dated as of December 1, 2025, between the Foundation, which has also been certified by the University Board as a DSO of the University, and the Financing Corporation, (the “Support Agreement”), provides for semi-annual payments from the Foundation to the University Board, as may be necessary to ensure the Pledged Revenues are sufficient to pay principal of and interest on the Series 2025A Bonds when due (“Debt Service Support”), and annual payments from the Foundation

to the University Board, as may be necessary to ensure the Pledged Revenues are sufficient in each Fiscal Year to comply with the Rate Covenant (“Coverage Support”) (collectively, the “Support Payments”). The Support Payments will serve as additional security for the Series 2025A Bonds. The proposed form of the Support Agreement is attached hereto as Appendix D.

THE SERIES 2025A BONDS

General

The Series 2025A Bonds are being issued as fully registered bonds in the denomination of \$5,000 or integral multiples thereof. The Series 2025A Bonds will be dated the date of delivery thereof and each maturity of the 2025A Bonds will bear interest at a fixed rate per annum as set forth on the inside front cover. Interest is payable on June 1, 2026, for the period from the date of delivery to June 1, 2026, and semiannually on December 1 and June 1 of each year until the maturity or redemption thereof. Interest on the Series 2025A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The Series 2025A Bonds will mature on June 1 in the years and in the principal amounts set forth on the inside front cover. The Series 2025A Bonds are payable from the Trust Estate, as described herein. The principal of and interest on the Series 2025A Bonds will be payable in lawful money of the United States of America, in immediately available funds delivered or transmitted by the Trustee to the Depository Trust Company, New York, New York (“DTC”), which will act as Depository for the Series 2025A Bonds.

The Series 2025A Bonds will initially be issued in Book-Entry Form, registered in the name of “Cede & Co.,” as registered owner and nominee for DTC. Individual purchases of the Series 2025A Bonds will be made in Book-Entry Form only, and the purchasers will not receive physical delivery of the Series 2025A Bonds or any certificate representing their beneficial ownership interest in the Series 2025A Bonds. So long as the Series 2025A Bonds are held in Book Entry Form, the Financing Corporation and the Trustee may treat DTC and any successor Depository as, and deem DTC and any successor Depository to be, the absolute Owner of the Series 2025A Bonds for all purposes whatsoever. See “THE SERIES 2025A BONDS – Book-Entry Only System” herein for a description of DTC, certain responsibilities of DTC, the Financing Corporation, and the Trustee.

Redemption Provisions

Optional Redemption. Series 2025A Bonds maturing in the years 2028 through 2035, both inclusive, are not redeemable prior to their stated dates of maturity at the option of the Financing Corporation. The Series 2025A Bonds maturing in the year 2036 and thereafter (including Term Bonds), shall be subject to redemption prior to their stated dates of maturity, without premium, at the option and direction of the Financing Corporation, in whole or in part, in such maturities and/or Amortization Requirements as the Financing Corporation, in its discretion, shall select (or if the Financing Corporation fails to designate such maturities and/or Amortization Requirements, in inverse order of maturity) and by lot within a maturity and/or Amortization Requirements if less than an entire maturity or Amortization Requirement, on any date on or after June 1, 2035, or on any date thereafter, at the principal amount of the Series 2025A Bonds so redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption from Amortization Requirements. The Series 2025A Bonds maturing on June 1, 2051 (the “2051 Term Bonds”) are subject to mandatory sinking fund redemption from moneys deposited in the Redemption Account in accordance with the terms of the Indenture, on June 1, 2050, and June 1, 2051 and in the principal amount of the 2051 Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Requirements as follows:

<u>Year</u>	<u>Principal Amount</u>
2050	\$1,080,000
2051	1,130,000

The Series 2025A Bonds maturing on June 1, 2056 (the “2056 Term Bonds”) are subject to mandatory sinking fund redemption from moneys deposited in the Redemption Account in accordance with the terms of the Indenture, on June 1, 2052, and on each June 1 thereafter to and including June 1, 2056 and in the principal amount of the 2056 Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Requirements as follows:

<u>Year</u>	<u>Principal Amount</u>
2052	\$1,180,000
2053	1,235,000
2054	1,295,000
2055	1,355,000
2056	1,420,000

Notice of Redemption. The Trustee shall, upon the written request and direction of the Financing Corporation to the Trustee at least 45 days prior to the redemption date, give notice of redemption to DTC at least 30 but not more than 60 prior to the redemption date to DTC in the manner provided in the Indenture. The notice of redemption will identify the portions of the Series 2025A Bond

to be redeemed, including the CUSIP number and the principal amount of the Series 2025A Bonds to be redeemed, if less than all, the date fixed for redemption, and the redemption price. Such notices will specify that interest on the Series 2025A Bonds called for redemption will cease to accrue upon the redemption date, provided that sufficient moneys to pay the principal, premium, if any, and accrued interest on the Series 2025A Bonds to be redeemed is available to the Trustee on the redemption date or else such redemption shall not occur. Such notices will also provide the address where such Series 2025A Bonds are to be surrendered to the Trustee for payment of the redemption price and the name of a contact person and his or her telephone number.

Failure to give any required notice of redemption as to any particular Series 2025A Bonds will not affect the validity of the call for redemption of any Series 2025A Bonds in respect of which no such failure has occurred. Any notice given by the Financing Corporation as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the Beneficial Owner receives the notice.

Book-Entry Only System

DTC will act as Depository for the Series 2025A Bonds. The Series 2025A 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 Series 2025A 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 rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025A 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 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 Series 2025A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all Series 2025A 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 the Series 2025A 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025A 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 the Series 2025A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit

has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A 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 Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Financing Corporation 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 Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal of, premium, if any, and interest on the Series 2025A 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 Financing Corporation or the Trustee, 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 Financing Corporation, or the Trustee 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 Trustee; 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 Series 2025A Bonds at any time by giving reasonable notice to the Financing Corporation or the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, in the event that a successor Depository is not obtained, certificates for the Series 2025A Bonds will be printed and delivered to the Beneficial Owners of the Series 2025A Bonds as provided in the documents authorizing the issuance and sale of the Series 2025A Bonds. The Financing Corporation may decide to discontinue use of the system of book-entry transfers for the Series 2025A Bonds through DTC, or a successor securities depository. In that event, certificates for the Series 2025A Bonds will be printed and delivered to the Beneficial Owners of the Series 2025A Bonds as provided in the Indenture.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2025A Bonds, references herein to the Owners of the Series 2025A Bonds shall mean Cede & Co. and not the Beneficial Owners of the Series 2025A Bonds, unless the context clearly requires otherwise.

The Financing Corporation and the Trustee will not have any responsibility or obligation to the Participants or the Beneficial Owners with respect to any matters including, but not limited to (i) the accuracy of any records maintained by DTC, any Participant, or successor thereof; (ii) the payment by DTC, any Participant, or successor thereof of any amount due to any Beneficial Owner with respect to the Series 2025A Bonds; (iii) the delivery or timeliness of delivery by DTC, any Participant, or successor thereof of any notice that is required or permitted under the terms of the Indenture to be given to Holders of the Series 2025A Bonds; (iv) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series 2025A Bonds; and (v) any consent given by DTC or Cede & Co., as nominee of DTC, as Holder of the Series 2025A Bonds pursuant to the Omnibus Proxy.

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PURPOSE OF THE ISSUE

The proceeds derived from the sale of the Series 2025A Bonds will be used to finance a portion of the cost of constructing and equipping the 2025A Project, fund capitalized interest, and pay costs of issuance, as described herein.

The 2025A Project

The 2025A Project consists of the construction and equipping of residential rental facilities (the “Employee Housing Facilities”), which will be offered to the University’s faculty and staff at below market rental rates. The 2025A Project will be the University’s first university-affiliated employee housing initiative. The 2025A Project will be constructed with concrete block and wind-resistant glass; the units will be designed for both safety and sound insulation. Interior finishes in each unit will reflect a high standard, comparable to luxury hotels; units will be unfurnished, but will be equipped with all major appliances including a refrigerator, range, microwave, and washer and dryer. The 2025A Project is expected to include 74 unfurnished residential rental units, consisting of 56 cottages (one- and two-story, one- and two-bedroom detached single-family and duplex units) and 18 townhomes (two-story, two- and three-bedroom units with attached one- and two-car garages) as listed in the following table.

2025A Project – Anticipated Unit Mix

<u>Unit Type and Configuration</u>	<u># of Units</u>	<u>Sq. Ft./Unit</u>
Cottage – 1-Story, 1-Bed/1-Bath	4	750
Cottage – 2-Story, 1-Bed/1.5-Bath	14	917
Cottage – 1-Story 2-Bed/2-Bath	1	1,031
Cottage – 2-Story, 2-Bed/2.5-Bath	37	1,342
Townhouse – 2-Bed/2-Bath/1-Car Garage	12	1,620
Townhouse – 3-Bed/2.5-Bath/2-Car Garage	<u>6</u>	1,780
Total Units:	74	

The University has engaged a developer, Soltura Development Group, LLC (“Soltura”), to manage the design, permitting, and construction of the 2025A Project. Soltura was selected in accordance with the applicable Board of Governors requirements, including public advertisement; review of credentials, references, and qualifications; confirmation of bonding capabilities; and a presentation interview. Soltura will oversee the construction of the 2025A Project, subject to oversight by the University’s Facilities Planning Department, consistent with construction of other capital projects at the University.

The University and Soltura have developed a preliminary budget for the 2025A Project of approximately \$24.74 million, including horizontal and vertical construction, fixtures, and equipment costs (approximately \$20.21 million); professional fees (approximately \$2.60 million); inspections, surveys, tests, and permits (approximately \$0.40 million); and contingencies (approximately \$1.53 million). The costs of the 2025A Project will be funded with proceeds of the Series 2025A Bonds plus investment earnings thereon, and a cash contribution of approximately \$2.31 million from the University.

Soltura will deliver the 2025A Project pursuant to a stipulated sum contract with the University for the construction of the horizontal portion of the 2025A Project, consisting of the site work and related infrastructure, including water, wastewater, stormwater infrastructure and road improvements, and a stipulated sum contract with the University for the construction of vertical portion of the 2025A Project, consisting of the residential rental units that comprise the 2025A Project. The stipulated sum contracts establish a guaranteed maximum price (“GMP”) for the horizontal and vertical construction, subject to adjustment as provided therein. Soltura will cause separate contracts to be executed with each subcontractor pursuant to these stipulated sum contracts with the University. Additionally, Soltura is responsible for delivering the 2025A Project for the sums set forth therein. If the costs for the 2025A Project exceed the GMP, certain of those amounts may be paid by Soltura under the stipulated sum contract.

The planning, development, design and preliminary engineering for the 2025A Project are complete. In addition to compliance with all applicable codes and standards, applicable permits for the 2025A Project will be approved by the Division of State Fire Marshal. The University has indicated that there are no known environmental risks present at the site. Construction of the 2025A Project is expected to begin in February 2026 and substantial completion is expected in December 2026. The University expects the 2025A Project to open for occupancy beginning in January 2027. Currently, the University expects to make nine units available for occupancy per month, with full occupancy by the end of July 2027.

The Series 2025A Project Account

The Indenture provides for the creation of and deposit of the net proceeds of the Series 2025A Bonds into a trust fund (the “Series 2025A Project Account”) within the Project Fund to be used only for the payment of the 2025A Project Costs. Withdrawals may be made as provided by the Indenture. The Owners of the Series 2025A Bonds will have a lien on all proceeds deposited in the

Series 2025A Project Account until such moneys are applied as provided in the Indenture. Any moneys in the Series 2025A Project Account not immediately needed for construction of the 2025A Project may be temporarily invested and reinvested as provided in the Indenture. Funds remaining in the Series 2025A Project Account after completion of the 2025A Project shall be transferred to the Sinking Fund to be used for the purposes thereof.

Sources and Uses of Funds

Sources of Funds:

Par Amount of the Series 2025A Bonds	\$23,575,000
University Cash Contribution.....	2,313,851
Series 2025A Project Account Earnings ¹	273,013
Net Original Issue Premium.....	302,980
Total Sources.....	<u>\$26,464,844</u>

Uses of Funds:

2025A Project Costs.....	\$24,737,784
Capitalized Interest.....	1,334,598
Underwriter's Discount.....	206,765
Costs of Issuance.....	185,697
Total Uses	<u>\$26,464,844</u>

¹ Interest is estimated at 3% over the construction period.

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SCHEDULE OF DEBT SERVICE

The following table sets forth the debt service on the Series 2025A Bonds. Interest due on the Series 2025A Bonds through April 1, 2027, has been provided for from proceeds of the Series 2025A Bonds.

Fiscal Year	Debt Service on the Series 2025A Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Capitalized Interest</u>	<u>Net Total</u>
2026	-	\$418,392	(\$418,392)	-
2027	-	1,099,425	(916,206)	\$183,219
2028	\$390,000	1,099,425		1,489,425
2029	410,000	1,078,950		1,488,950
2030	430,000	1,057,425		1,487,425
2031	455,000	1,034,850		1,489,850
2032	475,000	1,010,963		1,485,963
2033	505,000	986,025		1,491,025
2034	530,000	959,513		1,489,513
2035	555,000	931,688		1,486,688
2036	585,000	902,550		1,487,550
2037	615,000	873,300		1,488,300
2038	645,000	842,550		1,487,550
2039	680,000	810,300		1,490,300
2040	710,000	776,300		1,486,300
2041	740,000	747,900		1,487,900
2042	770,000	718,300		1,488,300
2043	800,000	687,500		1,487,500
2044	835,000	654,500		1,489,500
2045	870,000	619,013		1,489,013
2046	910,000	580,950		1,490,950
2047	945,000	541,138		1,486,138
2048	990,000	498,613		1,488,613
2049	1,035,000	454,063		1,489,063
2050	1,080,000	407,488		1,487,488
2051	1,130,000	358,888		1,488,888
2052	1,180,000	308,038		1,488,038
2053	1,235,000	251,988		1,486,988
2054	1,295,000	193,325		1,488,325
2055	1,355,000	131,813		1,486,813
2056	1,420,000	67,450		1,487,450
<u>Total</u>	<u>\$23,575,000</u>	<u>\$21,102,617</u>	<u>(\$1,334,598)</u>	<u>\$43,343,019</u>

SECURITY FOR THE SERIES 2025A BONDS

The Trust Estate

The Series 2025A Bonds and the interest thereon constitute obligations of the Financing Corporation and will be secured on a parity with any subsequently issued Additional Bonds, by a pledge of and a lien on the Trust Estate, which consists of the Financing Corporation's interests in the Collateral related to the Employee Housing System granted to the Trustee. Such Collateral includes, but is not limited to, the Financing Corporation's interests in the funds and accounts related to Employee Housing System; tangible and intangible property of the Employee Housing System; the Operating Agreement and the Support Agreement; and all proceeds of such Collateral. See Appendix B "The Indenture," attached hereto for additional information about the Collateral.

THE SERIES 2025A BONDS AND ALL PAYMENTS BY THE FINANCING CORPORATION UNDER THE INDENTURE ARE GENERAL OBLIGATIONS OF THE FINANCING CORPORATION AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND A LIEN UPON THE TRUST ESTATE. WHILE THE SERIES 2025A BONDS ARE A GENERAL OBLIGATION OF THE FINANCING CORPORATION, THE FINANCING CORPORATION DOES NOT ANTICIPATE HAVING ANY UNRESTRICTED ASSETS AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES 2025A BONDS OTHER THAN THE PAYMENTS FROM THE UNIVERSITY BOARD PURSUANT TO THE OPERATING AGREEMENT AND PAYMENTS MADE BY THE FOUNDATION UNDER THE SUPPORT AGREEMENT. OWNERS OF THE SERIES 2025A BONDS SHOULD RELY SOLELY ON THE

ABILITY OF THE UNIVERSITY BOARD TO MAKE PAYMENTS UNDER THE OPERATING AGREEMENT FROM EMPLOYEE HOUSING SYSTEM REVENUES AND PAYMENTS BY THE FOUNDATION UNDER THE SUPPORT AGREEMENT FOR PAYMENT OF THE SERIES 2025A BONDS.

The Series 2025A 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 SERIES 2025A BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FULL FAITH OF THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025A BONDS.** Neither the University Board nor the Financing Corporation have any taxing power and the issuance of the Series 2025A Bonds does not, directly or indirectly or contingently, obligate the State to use State funds, 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 Series 2025A Bonds.

Pledged Revenues

The University Board’s financial obligations to the Financing Corporation under the Operating Agreement are secured by a pledge of the Pledged Revenues, which consist of (i) the Net Revenues of the Employee Housing System, as described below, and (ii) annual Support Payments made by the Foundation to the University pursuant to the Support Agreement.

Net Revenues. The Employee Housing System derives its revenues from the rental income and charges for the use of the Employee Housing System, which will consist of the 2025A Project, as more fully described in “EMPLOYEE HOUSING SYSTEM” herein. The Net Revenues consist of the Gross Revenues less the Costs of Operation and Maintenance. Gross Revenues are defined in the Operating Agreement to mean all income or earnings derived by the University Board from the operation of the Employee Housing System, including, but not limited to, all income from fees, rentals and other charges made and collected by the University Board from Eligible Residents using, being served by, or having the right to use or be served by the Employee Housing System and proceeds from the sale or disposition of all or a part of the Employee Housing System. Costs of Operation and Maintenance are defined in the Operating Agreement to mean the expense, paid or accrued, of operation, maintenance and repair (including insurance) of the Employee Housing System for each Fiscal Year, as calculated in accordance with sound accounting practice, but shall not include any general administrative expenses of the University, any reserve for renewals, replacements or extraordinary repairs, any allowance for depreciation, or any repayment of Support Payments to the Foundation. See Appendix D, “Form of the Operating Agreement.” The pledge of Net Revenues is not secured by any interest in or lien or mortgage on the Employee Housing System or the underlying land.

Support Payments. In connection with the issuance of the Series 2025A Bonds, the Foundation and the Financing Corporation will enter into the Support Agreement, pursuant to which the Foundation will make Support Payments to the University Board, when necessary, to ensure that the Employee Housing Revenues are sufficient to pay principal and interest on the Series 2025A Bonds and to comply with the Debt Service Requirement for the Series 2025A Bonds. See “THE FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.” herein, for more information on the financial position of the Foundation, including their net assets available to meet the obligations under the Support Agreement.

Under the Support Agreement, when needed, the Foundation will transfer (i) Debt Service Support in such amount as may be necessary to cover any shortfall of Net Revenues required to pay debt service on the Series 2025A Bonds, and (ii) Coverage Support in such amount as the University Board estimates will be necessary to comply with the Rate Covenant on or before the end of the Fiscal Year, based on the University Board’s estimated Net Revenues for such Fiscal Year. In any Fiscal Year in which the Net Revenues are below the amount estimated by the University Board to be necessary to comply with the Rate Covenant, the Foundation shall transfer additional Support Payments to the University Board in such amounts as will be necessary to comply with the Rate Covenant prior to the end of such Fiscal Year. “SECURITY FOR THE SERIES 2025A BONDS – Rate Covenants,” herein for additional information. The Coverage Support will enable the University Board to charge faculty and staff below-market rental rates, currently anticipated to be approximately 20% below market, while generating adequate Employee Housing Revenues to comply with the covenants in the Indenture and the Operating Agreement.

Flow of Funds

Accounts Under the Operating Agreement. Pursuant to the Operating Agreement, the University Board will establish and maintain the Employee Housing System Revenue Account (the “Revenue Account”) and the Employee Housing System Operating Account (the “Operating Account”), each on a parity with each other; additionally, the Financing Corporation will establish and maintain the Employee Housing System Debt Service Account (the “Debt Service Account”), the Employee Housing System Renewal and Replacement Account (the “Renewal and Replacement Account”), the Employee Housing System Debt Service Reserve Account (the “Debt Service Reserve Account”), and the Employee Housing System Surplus Account (the “Surplus

Account”), each on a parity with each other. The Debt Service Reserve Requirement for the Series 2025A Bonds will be zero, as such, no subaccount will be created or funded with respect to the Series 2025A Bonds in the Debt Service Reserve Account and the Series 2025A Bonds shall **not** be secured by any other subaccount therein.

The Revenue Account, the Debt Service Account, the Renewal and Replacement Account, the Debt Service Reserve Account, the Surplus Account, and any other special funds or accounts established and created under the Operating Agreement constitute trust funds for the purposes provided therein and the Holders of the Series 2025A Bonds will have a lien on all moneys in such funds and accounts until applied as provided therein. However, the Holders of the Series 2025A Bonds will not have a lien on or right to payment from amounts on deposit in the Operating Account.

Application of Gross Revenues By the University Board. Upon collection, the Gross Revenues are deposited into the Revenue Account, which is administered in accordance with the Operating Agreement and applicable laws. As set forth in the Operating Agreement, the University Board will apply the funds on deposit in the Revenue Account in the following manner and order of priority:

- (i) First, for the payment of Costs of Operation and Maintenance, as set forth in the Annual Budget, as the same become due for the current Fiscal Year.
- (ii) Next, on November 15 and May 15, for transfer to the Financing Corporation in the amount necessary to pay (a) the interest due on the Series 2025A Bonds on such payment date, after taking into account proceeds from the sale of Bonds to pay capitalized interest, and (b) the principal, including Amortization Requirements, if any, and any fees or charges payable under other Related Financing Documents for the current Fiscal Year, due on the Series 2025A Bonds on such payment date (collectively, the “Debt Service Payments”).
- (iii) Finally, following the transfer for the Debt Service Payments due on the June 1 payment date, for transfer to the Financing Corporation of all remaining Gross Revenues (the “Net Revenue Transfer”).

Moneys on deposit in the Revenue Account may be invested and reinvested in the manner provided by law provided such investments either mature or are redeemable at not less than par at the option of University Board not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund.

Application of Pledged Revenues By the Financing Corporation. First, the Financing Corporation shall deposit the amounts received from the University Board representing Debt Service Payments in the Debt Service Account and thereafter transfer such amounts to the Trustee prior to the Interest Payment Date or date on which principal is due on the Series 2025A Bonds in order to provide sufficient funds on deposit in the Sinking Fund to make the Debt Service Payments in the amount so due.

Thereafter, the Financing Corporation shall apply the amounts received from the University Board representing the Net Revenue Transfer in the following manner and order of priority by:

- (i) First, for deposit to the applicable subaccount in the Debt Service Reserve Account, in such amount as may be necessary to maintain an amount on deposit therein equal to the Debt Service Reserve Requirement for the Bonds secured by such subaccount, except to the extent a Credit Facility has been provided pursuant to the Indenture; however, no subaccount will be created or funded in the Debt Service Reserve Account for the Series 2025A Bonds.
- (ii) Next, for deposit to the Renewal and Replacement Account in such amount as required by the Operating Agreement to be deposited therein, which shall be the amount set forth for such purpose in the Annual Budget.

Moneys on deposit in the Renewal and Replacement Account may be drawn on and used by the University Board to pay (i) the capital maintenance and repair costs related to the Employee Housing System that the University Board is obligated to pay pursuant to the Operating Agreement or, to the extent that the Net Proceeds from a casualty loss shall be insufficient for such purposes, to the costs of restoration or replacement of the Project (or any portion thereof) pursuant to the Operating Agreement. In the event the moneys deposited in Debt Service Account and Surplus Account are insufficient to satisfy the Debt Service Requirements on the Series 2025A Bonds when due, the Financing Corporation will transfer moneys on deposit in the Renewal and Replacement Account to the Trustee for deposit to the Sinking Fund to the extent necessary to eliminate such deficiencies and to avoid a default.

- (iii) Finally, the balance of the Net Revenue Transfer not needed to satisfy the requirements above shall be deposited to the Surplus Account.

Moneys on deposit in the Surplus Fund as of the end of the prior Fiscal Year may be applied by the Financing Corporation to (a) repay the Foundation for Support Payments and (b) for any other lawful purpose as determined by the University Board, provided that the following conditions have been met: (i) no default shall have occurred and then be continuing under the Operating Agreement, (ii) the University Board is current in all deposits to the Renewal and Replacement Account and any amounts withdrawn from the Repair and Replacement Account to pay Debt Service Requirements on the Bonds shall have been reimbursed in full, (iii) all amounts withdrawn from the Debt Service Reserve Account to pay Debt Service Requirements on the Bonds shall have been reimbursed in full, (iv) all extraordinary expenditures of the University Board related to the operation or maintenance of the Employee Housing System not otherwise included in the Annual Budget have been reimbursed in full, and (v) the allocable portion of Financing Corporation expenses have been reimbursed in full, then upon receipt by the Financing Corporation of the annual financial statements and Audit Report of the University Board for the most recently ended Fiscal Year and the University Board's calculations of the Release Test has been satisfied.

In the event the moneys deposited in Debt Service Account are insufficient to satisfy the Debt Service Requirements on the Series 2025A Bonds when due, the Financing Corporation will transfer moneys on deposit in the Surplus Account to the Trustee for deposit to the Sinking Fund to the extent necessary to eliminate such deficiencies and to avoid a default.

Funds and Accounts Under the Indenture. The Indenture creates the following funds and accounts for the Employee Housing System Bonds together with accounts and subaccounts therein with respect to the Series 2025A Bonds: (i) an account for the 2025A Project within the Project Fund, as more fully discussed in "PURPOSE OF THE ISSUE – The Series 2025A Project Account" herein; (ii) a trust fund designated the "Employee Housing Sinking Fund" (the "Sinking Fund"), consisting of the "Bond Service Account," the "Interest Account," the "Redemption Account," the "Debt Service Reserve Account," and the "Credit Facility Account;" and (ii) the Rebate Account. The Trustee will create subaccounts with the Bond Service Account, the Interest Account, and the Redemption Account with respect to the Series 2025A Bonds. No subaccounts will be created for the Series 2025A Bonds in the Debt Service Reserve Account or Credit Facility Account in the Sinking Fund.

The Project Fund, the Sinking Fund, and the Rebate Account are held by the Trustee and administered in accordance with the Indenture and applicable laws. The funds and accounts held by the Trustee constitute trust funds for the purposes provided in the Indenture and, except for the Rebate Account the Holders of the Series 2025A Bonds will have a lien on all moneys in such funds and accounts until applied as provided therein.

Application of Revenues by the Trustee. That portion of the Employee Housing Revenues transferred to the Trustee will be applied as set forth in the Indenture and only in the following manner and order of priority by the Trustee in each Fiscal Year:

- (i) First, to pay the Trustee of (a) a reasonable fee, including reimbursement of advances, fees, and expenses reasonably and necessarily made or incurred, as compensation for its services under the Indenture, and (b) any amounts necessary to indemnify the Trustee for losses imposed on, incurred by, or asserted against it, subject to the limitations set forth in the Indenture.
- (ii) Second, for deposit into the Bond Service Account and the Interest Account within the Sinking Fund to pay principal, Amortization Requirements, if any, and interest on the Bonds when due, without preference or priority of any kind. Except as otherwise provided in the Indenture, moneys in the Interest Account shall be used solely to pay interest on the Bonds when due. If there is a Bond Insurance Policy securing the Bonds, any amounts drawn under such Bond Insurance Policy to pay principal or interest on the Bonds shall be reimbursed to the Bond Insurer from moneys deposited to the Bond Service Account for such purpose.
- (iii) Third, to a Bond Insurer that issued Bond Insurance Policy securing the Bonds, to the extent that the Financing Corporation is indebted to such Bond Insurer under such Bond Insurance Policy.

Covenants of the Financing Corporation and the University Board

The University Board and the Financing Corporation have covenanted in the Operating Agreement and the Indenture that they will duly and punctually perform and comply with all covenants made in, and obligations imposed upon them by, the Operating Agreement and the Indenture. So long as there are Bonds Outstanding, the University Board has covenanted to fix, establish, and collect such fees, rentals and other charges from Eligible Residents and others using or being served by the Employee Housing System as are necessary to produce in order to produce Pledged Revenues sufficient to pay one-hundred twenty percent (120%) of the Debt Service Requirements due under the Indenture during such Fiscal Year (the "Rate Covenant"). If in any Fiscal Year in which the Pledged Housing System Revenues, as stated in the Annual Budget, are projected to be insufficient to comply with the Rate Covenant, the Financing Corporation may require the University Board to retain a Qualified Independent Consultant to review

the financial performance of the Employee Housing System, including the schedule of rates, fees, and charges and the projected Gross Revenues, Costs of Operations and Maintenance, and Support Payments for such Fiscal Year. Following such a request, the Qualified Independent Consultant will provide the Financing Corporation and University with written recommendations as to the methods by which the University Board should promptly seek to comply with the Rate Covenant. Thereafter, and within thirty (30) days of receipt of the Qualified Independent Consultant's recommendations, the Financing Corporation will, or will cause the University Board to, implement such recommendations to the extent necessary to comply with the Rate Covenant. Failure to meet the Rate Covenant shall not be considered an Event of Default if the University Board implements recommendations of the Qualified Independent Consultant and the Pledged Revenues equal at least one hundred percent (100%) of the annual Debt Service Requirement for all Bonds coming due in the Fiscal Year.

ADDITIONAL PARITY OBLIGATIONS AND ADDITIONAL BONDS

Additional Parity Obligations Under the Operating Agreement

For so long as there are Bonds Outstanding, the University Board has covenanted not to incur any obligations, except Additional Parity Obligations, payable from the Employee Housing System Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Operating Agreement upon the Employee Housing System Revenues. Any obligations other than Additional Parity Obligations incurred by the University Board payable from the Employee Housing System shall contain an express statement that such obligations are junior and subordinate in all respects to the pledge of the Employee Housing System Revenues to secure the Payments under the Operating Agreement, as to lien on and source and security for payment from Employee Housing System Revenues.

The University Board may incur Additional Parity Obligations for the construction and acquisition of additions, extensions and improvements to the Employee Housing System or for refunding purposes only upon the terms, restrictions and conditions and in the manner provided in the Operating Agreement, as described below:

- (i) The University Board must file a certificate, executed by the chief financial officer of the University, setting forth the average annual amount of Net Revenues for the two Fiscal Years immediately following the Fiscal Year in which such Additional Parity Obligations are incurred, adjusted as discussed below, and the Maximum Annual Debt Service on the Bonds then Outstanding and the proposed Additional Parity Obligations. If the proposed Additional Parity Obligations will be incurred to finance the acquisition or construction of additions to the Employee Housing System, the average annual amount of projected Net Revenues should be adjusted to include the projected revenues and expenses of such additions, as if such additions are part of the Employee Housing System during all of such two Fiscal Years, regardless of when such additions are reasonably anticipated to be placed in service. If the proposed Additional Parity Obligations will also be payable from Support Payments on a parity with the Bonds then Outstanding, the certificate executed by the chief financial officer of the University must also include the projected average annual amount of Support Payments in each Fiscal Year.
- (ii) The University Board must be current in all deposits to the various funds and accounts established by the Operating Agreement and the Indenture and all payments required to have been deposited or made by it thereunder and the University Board must be in compliance with the covenants and provisions of the Operating Agreement (or, if not currently in compliance, it must be brought in compliance upon the issuance of such Additional Parity Obligations).
- (iii) The projected average annual amount of Net Revenues for the two Fiscal Years, as certified by the chief financial officer of the University, must be equal to at least one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Obligations then proposed to be incurred. However, if the proposed Additional Parity Obligations will also be payable from Support Payments on a parity with the Bonds then Outstanding, the projected average annual amount of Net Revenues, as certified by the chief financial officer of the University must be at least equal to one hundred percent (100%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the proposed Additional Parity Obligations, and such projected Net Revenues together with the projected Support Payments, as certified by the chief financial officer of the University, must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the proposed Additional Parity Obligations.

If the Additional Parity Obligations are issued to refund Outstanding Bonds and the Debt Service Requirement of such refunding Additional Parity Obligations in each Fiscal Year is equal to or less than the corresponding Debt Service Requirement of the refunded Bonds, then the provisions contained in (i) and (iii) above shall not apply to the issuance of the refunding Additional Parity Obligations.

Additionally, the University Board may issue or incur obligations secured by or payable out of Net Revenues on a *pari-passu* basis with its Payment obligations under the Operating Agreement only if and to the extent that no default has occurred or is continuing thereunder and after giving effect to such parity debt obligations, the Financing Corporation would have the ability to issue Additional Parity Obligations as Additional Bonds in like amount under the terms of the Indenture.

Additional Bonds Under the Indenture

Additional Bonds that are Employee Housing System Bonds may be issued from time to time under the Indenture on a parity with, and with the same benefit and security of, the Indenture as to all other Employee Housing System Bonds. The Financing Corporation may issue Additional Bonds for the construction and acquisition of additions, extensions and improvements to the Employee Housing System or to refund Bonds then Outstanding only upon the terms, restrictions and conditions and in the manner provided in the Indenture, as described below. See Appendix B “The Indenture,” attached hereto for additional information on the various certificates and documents that must be furnished and delivered prior to the issuance of Additional Bonds.

- (i) The University Board must file a certificate, executed by the chief financial officer of the University, setting forth the average annual amount of Net Revenues for the two Fiscal Years immediately following the Fiscal Year in which such Additional Bonds are issued, adjusted as discussed below, and the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued. If the proposed Additional Bonds will be issued to finance the acquisition or construction of additions to the Employee Housing System, the average annual amount of projected Net Revenues should be adjusted to include the projected revenues and expenses of such additions, as if such additions are part of the Employee Housing System during all of such two Fiscal Years, regardless of when such additions are reasonably anticipated to be placed in service. If the proposed Additional Bonds will also be payable from Support Payments on a parity with the Bonds then Outstanding, the certificate executed by the chief financial officer of the University must also include the projected average annual amount of Support Payments in each Fiscal Year.
- (ii) The University Board must be current in all deposits to the various funds and accounts established by the Operating Agreement and the Indenture and all payments required to have been deposited or made by it thereunder and the University Board must be in compliance with the covenants and provisions of the Operating Agreement (or if not currently in compliance, it must be brought in compliance upon the issuance of such Additional Bonds).
- (iii) The projected average annual amount of Net Revenues for the two Fiscal Years, as certified by the chief financial officer of the University, must be equal to at least one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued. However, if the proposed Additional Parity Obligations will also be payable from Support Payments on a parity with the Bonds then Outstanding, the projected average annual amount of Net Revenues, as certified by the chief financial officer of the University must be at least equal to one hundred percent (100%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the proposed Additional Bonds, and such projected Net Revenues together with the projected Support Payments, as certified by the chief financial officer of the University, must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the proposed Additional Bonds.

If the proposed Additional Parity Bonds will be issued to refund Outstanding Bonds and the Debt Service Requirement of such refunding Additional Bonds in each Fiscal Year is equal to or less than the corresponding Debt Service Requirement of the refunded Bonds, then the provisions contained in (i) and (iii) above shall not apply to the issuance of the refunding Additional Bonds.

BONDHOLDER RISK FACTORS

The following is intended only as a summary of certain risks attendant to an investment in the Series 2025A Bonds. In order to allow potential investors to identify investment considerations and make an informed investment decision, a potential investor should be thoroughly familiar with the entire Official Statement (including without limitation the appendices hereto) and should have accessed whatever additional financial and other information it has deemed necessary to make its decision to invest in the Series 2025A Bonds. Each prospective investor in the Series 2025A Bonds should read this Official Statement in its entirety (including without limitation the appendices hereto). Particular attention should be given to the considerations described below which, among others, could affect the payment of debt service on the Series 2025A Bonds, and which also could affect the marketability of the Series 2025A Bonds to an extent that cannot be determined.

Completion of the 2025A Project

The construction of the 2025A Project is subject to the risks associated with all construction projects, including, not limited to, impediments to the issuance of required permits or approvals, materials and labor shortages, adverse weather conditions, and

other events beyond the control of the Financing Corporation and the University Board. The 2025A Project will be fully insured by Soltura under its Builder's Risk Policy and performance bond for the duration of its construction, subject to customary exclusions; however, such events could result in delay in completion and occupancy of the 2025A Project. Delays in the construction of the 2025A Project could have a negative impact on the Employee Housing System's operations and financial status and on the collection of Net Revenues.

Adequacy of Pledged Revenues

The Financing Corporation's ability to make payments on the Series 2025A Bonds depends on the financial condition and operating performance of the Financing Corporation and the Employee Housing System and the ability of the Foundation to make Support Payments, all of which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond the control of the Financing Corporation, the University Board and the Foundation. Factors that may affect the ability to generate sufficient Pledged Revenues include, but are not limited to, the University's ability to enter into a sufficient number of leases at the projected rental rates and maintain occupancy at the projected levels and the University's ability to control the operating expenses for Employee Housing System. Lower than anticipated revenues based on reduced demand for the Employee Housing System due to changes to demographic, economic, social, or other conditions of Eligible Users and/or the surrounding residential rental market, and higher than anticipated Costs of Operation and Maintenance that are not offset by increased revenues could also negatively affect the Pledged Revenues. There can be no assurance that there will be sufficient amounts generated from the Pledged Revenues to make Payments under the Operating Agreement and to pay debt service on the Series 2025A Bonds.

Damage or Destruction of the Employee Housing System

In the event of damage, destruction or condemnation of all or a portion of the Employee Housing System, the Financing Corporation and the University Board are obligated to comply with the terms of the Operating Agreement relating to any such damage, destruction or condemnation. In the event of any repair, restoration or replacement of all or any portion of the Employee Housing System, there can be no assurance that sufficient insurance proceeds will be available to do so or that any such proceeds will be received in a timely manner. Further, during any period after such an event of damage, destruction or condemnation, there can be no assurance that sufficient Pledged Revenues will be available to pay debt service on the Series 2025A Bonds.

Maintenance of Tax-Exempt Status of the Series 2025A Bonds

The Code imposes a number of requirements which must be satisfied for interest on state and local obligations, such as the Series 2025A Bonds, to be excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States Treasury, and a requirement that issuers file an information report with the Internal Revenue Service (the "IRS"). The University Board and the Financing Corporation have covenanted in certain of the documents executed and delivered in connection with the issuance of the Series 2025A Bonds that they will comply with such requirements. Future failure by the Financing Corporation and/or the University Board to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Series 2025A Bonds as taxable, retroactively to the date of issuance. Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2025A Bonds, as described under the caption "TAX MATTERS" herein. No ruling with respect to the Series 2025A Bonds has been or will be sought from the IRS, however, and the opinion of Bond Counsel is not binding on the IRS or the courts. There is no assurance that an IRS examination of the Series 2025A Bonds will not adversely affect the Series 2025A Bonds or the market value of the Series 2025A Bonds. See "TAX MATTERS" herein.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Series 2025A Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Financing Corporation as the taxpayer and the Bondholders may have no right to participate in such procedure. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Series 2025A Bonds. Neither the Financing Corporation nor Bond Counsel is responsible to pay or reimburse the cost of any Bondholders with respect to any audit or litigation relating to the Series 2025A Bonds. In addition, if the Series 2025A Bonds were to be audited, the market for and the market value of the Series 2025A Bonds could be adversely affected during the pendency of the examination and thereafter, even if the outcome of the audit were to be favorable.

Tax Reform

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2025A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation.

Secondary Market for Series 2025A Bonds

There can be no assurance that there will be a secondary market for the Series 2025A Bonds, and from time to time there may be no market for the Series 2025A Bonds, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, and the financial condition and results of the operations of the Financing Corporation, the Employee Housing System, and the Foundation. The Series 2025A Bonds therefore should be considered to be long-term investments in which funds are committed to maturity.

Information Technology Security and Cybersecurity Risks

Similar to other large organizations, the University relies on electronic systems and information technology (“IT”) to conduct operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its data and IT infrastructure. The University requires students, faculty, and staff to participate in cyber security training courses on identifying and avoiding these widespread attacks. The Information Technology Services Department (“ITS”) has implemented a campus wide security initiative to promote best practices and help users identify phishing attempts and avoid cyber-attacks. Building on this initiative, ITS sends out electronic campus-wide cybersecurity newsletters that include useful tips and tools to protect University data and IT infrastructure. The University has also implemented a two factor authentication solution that provides an additional layer of security in guarding the sensitive financial, educational, and personal information in the University systems. Despite the University’s robust cybersecurity policies and procedures designed to protect its data and IT infrastructure, no assurance is given that such security measures will prevent cyber-attacks. Additionally, no assurance can be given that any cyber-attacks, if successful, will not have a material impact on University operations and/or data and IT infrastructure; the costs of remedying any such damage could be significant.

Environmental Event Risks

The University is located in the southwest region of the State, an area fifteen miles inland from the Gulf of Mexico. The coastal areas are generally susceptible to environmental events, such as hurricanes, severe weather disturbances, and floods. The State has a demonstrated history of protecting and preserving natural resources, mitigating the impacts of environmental risks, and providing funding for projects to improve environmental resiliency across the State; however, the frequency and severity of environmental events may increase on an annual basis according to models and forecasts. The occurrence of such environmental events could damage University facilities, including the Employee Housing System, or the local infrastructure that provides essential transportation and utilities services to the University. The economic impacts resulting from such environmental events could include a loss of revenue, interruption of service, and escalated recovery costs. No assurance can be given as to whether future environmental events will occur that could materially impair the Financing Corporation’s receipt of Pledged Revenues.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, and the rules promulgated thereunder, no person may directly or indirectly offer or sell securities of the Financing Corporation except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission. The Financing Corporation is not, and has not been, in default on any of its obligations.

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THE EMPLOYEE HOUSING SYSTEM

Overview

The Employee Housing System will initially consist of those 74 residential rental units constructed as part of the 2025A Project. The 2025A Project will be located on an unused 23.5-acre parcel of land owned by the University Board, approximately two miles north of the University's main campus in Fort Myers, Florida. The Employee Housing System will be located adjacent to a large-scale retail property and West Lake Village, one of the University's existing student housing facilities. The Employee Housing System will primarily be made up of cottage-style "horizontal apartments," which will offer a unique alternative to typical multifamily housing in the area, fostering a stronger sense of community through features like front porches, private back patios, and thoughtfully landscaped shared spaces.

The establishment of the Employee Housing System aligns with the University's goals of attracting top-tier talent, promoting institutional loyalty, sustaining excellence in teaching, research, and service. The Employee Housing System will offer accessible, affordable, and proximate housing options to the University's faculty and staff, which the University believes will foster a more stable and engaged workforce, reduce turnover-related costs, and support continuity in academic programs and student services; reduce barriers that may otherwise deter qualified candidates from accepting or remaining in positions, particularly in light of regional housing market constraints; and serve as a competitive advantage in the University's recruitment efforts, especially for early-career faculty, staff relocating from outside the region, and individuals with families. Additionally, the Employee Housing System is expected to positively influence job satisfaction, work-life balance, and long-term commitment to the University from its faculty and staff.

Management and Operation of the Employee Housing System

Based on the anticipated end-users, the Employee Housing Facilities will be managed and operated separately from the University's Student Housing Facilities. Currently, the University plans to contract with a third-party property manager to manage the operation and maintenance of the Employee Housing Facilities. The University intends to absorb marketing and tenant selection within existing resources. The property manager will be selected through a competitive procurement process and will be paid a fee to be determined during the selection process. Estimates of the annual fees to the project manager have been included in the projected Cost of Operation and Maintenance shown in the table "Projected Employee Housing Revenues and Debt Service Coverage" herein.

Capital Improvement Plan

The University anticipates that the 2025A Project will be the first part of larger plan to provide approximately 195 residential rental units for faculty and staff of the University. The University intends to implement its larger plan through a phased approach, to mitigate against occupancy risk and ensure additions are aligned with demand. The University expects that the strategically phased expansion of the Employee Housing System will meet the immediate housing needs of its employees and enhance the overall strength and stability of its workforce going forward. If the 2025A Project proves successful, a second phase of the Employee Housing System may be developed on the same parcel to include approximately 120 additional units along with an amenity center; however, the site also offers flexibility to increase density through multi-family buildings, should market demand support a higher unit count.

The Renewal and Replacement Account established by the Operating Agreement may be used to pay the cost of capital maintenance, repairs, renewals, replacements, and renovations not paid as part of the ordinary and normal operating expense of the Employee Housing System. The amount required to be deposited into the Renewal and Replacement Account is determined by the University Board on an annual basis as part of the development of its Annual Budget. Such annual amount will be informed by a capital improvement plan to be conducted by an Independent Engineer every five years; the report provided by the Independent Engineer will allow the University to identify specific needs for the upcoming Fiscal Year, including maintenance and repair projects, equipment needs, and strategic initiatives to meet the needs of the Employee Housing System to be included in the Annual Budget.

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, which insures all State-owned buildings and the contents thereof against. The University also carries rental value insurance under the State Risk Management Trust Fund to cover any loss of revenue from any Facilities comprising the Employee Housing System due to catastrophic events. The University will also procure and maintain extended risk and fire insurance coverage from an outside carrier for any gap between actual cash value and full insurable replacement value of any improvements or fixtures of the Employee Housing System. Additionally, for all capital projects under construction within the State University System, the Board of Governors requires that the construction manager insure the project, including materials, equipment, vehicles, and personnel throughout the duration of construction.

Rental Rates

The University intends to offer the individual units within the Employee Housing System at approximately 20% below comparable market rates, while offering superior quality. The rental rates charged to Eligible Residents do not include utility, cable, or internet services; the costs of those services will be the responsibility of the tenant. Rental rates will be set by the University each academic year in accordance with guidelines established by the University Board. Rental rates will be reviewed annually to determine if they will generate sufficient revenue to provide for the operation of the Employee Housing System during the coming Fiscal Year, including the payment of all amounts required under the Indenture and Operating Agreement, or if it is necessary to increase rental rates. Rental rate increases will be implemented on an annual basis and will take into account market surveys and needs analyses. The following table shows projected monthly rental rates for the Employee Housing System for the first five Fiscal Years following the opening of the 2025A Project during Fiscal Year 2026-27.

Schedule of Projected¹ Rental Rates
(Per Unit/Per Month)

<u>Unit Type</u>	<u>Unit Configuration</u>	<u># of Units</u>	<u>Fiscal Year</u>				
			<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
1-Story Cottage	1-Bed/1-Bath (750 sq.ft.)	4	\$1,740	\$1,793	\$1,846	\$1,902	\$1,959
2-Story Cottage	1-Bed/1.5-Bath (917 sq.ft.)	14	\$1,825	\$1,880	\$1,936	\$1,995	\$2,054
1-Story Cottage	2-Bed/2-Bath (1,031 sq.ft.)	1	\$2,122	\$2,186	\$2,252	\$2,319	\$2,389
2-Story Cottage	2-Bed/2.5-Bath (1,342 sq.ft.)	37	\$2,207	\$2,274	\$2,342	\$2,412	\$2,484
Townhouse	2-Bd./2-Ba./1-Car Garage (1,620 sq.ft.)	12	\$2,335	\$2,405	\$2,477	\$2,551	\$2,628
Townhouse	3-Bd./2.5-Ba./2-Car Garage (1,780 sq.ft.)	6	\$2,759	\$2,842	\$2,927	\$3,015	\$3,106

¹ Projected rental rates may vary.

Lease Agreements

A one-time processing fee is anticipated to be required at the time an Eligible Resident submits an application to rent a unit within the Employee Housing System; once an application is approved by the University, the Eligible Resident will enter into a lease agreement. The University anticipates that the majority of lease agreements for the Employee Housing System will be 12-month contracts. The monthly rental rate charged will be established at the time the lease agreement is executed. The University may choose to include annual renewal options in individual lease agreements, which would be available once or twice depending on the terms agreed upon at the time of employment for new hires or at the time the lease agreement is signed for existing faculty and staff. The University may adjust the renewal options it offers over time based on demand and occupancy trends.

Payment and Collection of Rent

The University expects that rent payments under the lease agreement will primarily be collected through payroll deduction. For those tenants not making their rent payments via payroll deduction, the University anticipates that rent payments will be billed on a monthly basis. Release from the lease agreement will be available in limited circumstances. Unpaid rent will be placed on the University-wide accounts receivable system for collection.

Demand for the Employee Housing Facilities

The University engaged Brailsford & Dunlavey Inc. (“B&D”) to conduct a market analysis assessing demand for faculty and staff housing, including the 2025A Project and future Employee Housing Facilities (the “Demand Study”). The Demand Study, which was finalized in January 2025 and updated in June 2025, analyzed the demographics of the University’s faculty and staff population and their experiences with the local housing market, analyzed demographic trends and rental housing inventory in the area, and assessed University faculty and staff preferences and quantitative market demand data. With permission of B&D, a copy of the Demand Study is attached hereto as Appendix A. ***The Demand Study should be read in its entirety in order for the reader to obtain a complete understanding of the basis for the conclusions set forth therein and the assumptions upon which such conclusions are based. The achievement of any market demand projections is dependent upon future events, the occurrence of which cannot be assured. Therefore, the actual results achieved may vary from the key findings in the Demand Study and such variations could be material.***

As part of its analysis, B&D surveyed nearly half of the University’s faculty and staff. The results of the survey indicate that the majority of faculty and staff would consider University sponsored housing, particularly early-career employees who are disproportionately impacted by high rental prices. According to B&D, current estimates indicate that there is a need for approximately 175 to 265 housing units to accommodate faculty and staff within their first five years of their employment with the

University. The greatest demand B&D identified was from administrative and professional employees, followed by faculty, and then support staff. Based on the identified housing demand from faculty and staff members, coupled with the expensive nature of the local housing market, B&D recommended a phased implementation beginning with the 2025A Project. They advise the University to ensure full occupancy and a demonstrated waitlist or conduct an updated demand assessment before proceeding with subsequent phase(s) of the development. B&D noted that the 2025A Project's proposed cottage-style "horizontal apartment" rental concept has been very well received in the limited Southwest Florida markets where it has previously been introduced.

The University intends to prioritize access to the Employee Housing System to incoming full-time faculty, followed by incoming staff in positions identified as difficult to fill. Subsequent availability will be extended to existing faculty and staff, with the objective of supporting retention and easing transitional housing needs. In the event that demand exceeds available units, the University may implement a selection framework that considers factors such as household income, life events (e.g., relocation, family changes), and employment classification to ensure equitable and mission-aligned allocation. In the event demand for the 2025A Project from the University's faculty and staff is insufficient to generate adequate revenues to make the required debt service payments and meet the coverage requirements on the Series 2025A Bonds, the University plans to expand access to the 2025A Project to include graduate students and their families.

Currently, the affordable housing options for faculty and staff in communities surrounding campus are limited. The local housing rental market costs have increased 28% since 2020, with rental rate increases outpacing the average 5% salary adjustments for University faculty and staff. The challenge is particularly acute for early-career employees, whose rental affordability typically falls well below market rates. More affordable rental options are located a significant distance from the University, contributing to increased transportation costs and reduced quality of life.

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Projected Pledged Revenues and Debt Service Coverage

The following table shows the projected debt service coverage ratios for the first five Fiscal Years of operations of the Employee Housing System based on projected revenues and expenses which have been prepared by the University and Soltura. *The projections are based on the best information available when the estimates were made, 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.* The projected Employee Housing System Revenues are based on an assumed occupancy rate for the Employee Housing System of 95% and 3% annual rental rate increases; however, such future rental rate increases are not guaranteed and are subject to change by the University, which may cause the actual revenues to differ materially from those set forth herein. Additionally, the projected annual Costs of Operation and Maintenance include a 2% escalator assumption.

FGCU Employee Housing System Projected Pledged Revenues and Debt Service Coverage¹

	Fiscal Year					
	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>	<u>2031-32</u>
Employee Housing System Revenues						
Rental Revenues	\$442,918	\$1,829,724	\$1,912,297	\$1,972,736	\$2,034,987	\$2,099,107
Other Income ²	<u>65,286</u>	<u>185,265</u>	<u>187,252</u>	<u>188,600</u>	<u>189,989</u>	<u>191,419</u>
Total Gross Revenues	\$508,204	\$2,014,989	\$2,099,549	\$2,161,336	\$2,224,976	\$2,290,526
Costs of Operation and Maintenance	<u>\$246,616</u>	<u>\$474,027</u>	<u>\$487,852</u>	<u>\$498,279</u>	<u>\$508,936</u>	<u>\$519,828</u>
Net Revenues	\$261,588	\$1,540,962	\$1,611,697	\$1,663,057	\$1,716,040	\$1,770,698
Support Payments	<u>-</u>	<u>248,286</u>	<u>175,043</u>	<u>121,853</u>	<u>71,780</u>	<u>12,457</u>
Pledged Revenues	<u>\$261,588</u>	<u>\$1,789,247</u>	<u>\$1,786,740</u>	<u>\$1,784,910</u>	<u>\$1,787,820</u>	<u>\$1,783,155</u>
Debt Service Coverage						
Annual Debt Service ⁴	\$183,219	\$1,489,425	\$1,488,950	\$1,487,425	\$1,489,850	\$1,485,963
Pledged Revenues Coverage Ratio	1.43x	1.20x	1.20x	1.20x	1.20x	1.20x
Illustrative Net Revenue Coverage Ratio ³	1.43x	1.03x	1.08x	1.12x	1.15x	1.19x
Pledged Revenues After Debt Service	\$78,369	\$299,822	\$297,790	\$297,485	\$297,970	\$297,193
Less: R&R Account Deposit	<u>(33,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>
Surplus Account Deposit ⁵	\$45,369	\$233,822	\$231,790	\$231,485	\$231,970	\$231,193

¹ Projections for revenues and expenditures have been provided by the University and Soltura and are based on the assumptions discussed above.

² Other income primarily includes garage and carport charges, pet rental premiums, and pass-through charges for services and amenities.

³ Under the Bond Documents, coverage is calculated based on the Pledged Revenues, consisting of the Net Revenues plus the Support Payments. The project coverage ratio based on the Net Revenues is shown for illustrative purposes only.

⁴ Debt service is net of capitalized interest through April 1, 2027.

⁵ Amounts on deposit in the Surplus Account will be applied to any subordinated expenses of the Employee Housing System and then available for any lawful purpose including the repayment of any unpaid Support Payments previously made under the Support Agreement and the equity contribution made by the University to the 2025A Project.

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THE FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION

The Financing Corporation is a Florida not-for-profit, special purpose corporation, incorporated under the provisions of Chapter 617, Florida Statutes, and is designated a charitable, tax-exempt 501(c)(3) organization under the Code. The Financing Corporation is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Financing Corporation has the power to enter into agreements to finance, design and construct, lease, lease-purchase, purchase, or operate facilities necessary and desirable to serve the needs and purposes of the University. Additionally, the Financing Corporation is authorized to issue revenue bonds, certificates of participation or other forms of indebtedness upon approval of the University Board. The Financing Corporation is issuing the Series 2025A Bonds in such capacity on behalf of and for the benefit of the University.

THE FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

The Foundation, which was established in 1993, is a Florida not-for-profit corporation incorporated under the provisions of Chapter 617, Florida Statutes; is a certified DSO of the University Board; and is recognized as a charitable, tax-exempt 501(c)(3) organization under the Code. The Foundation's principal responsibilities are to raise awareness of the need for private support, to solicit gifts on behalf of the University and to exercise fiduciary management of those gifts.

Funds Available for Support Payments

The Foundation will make Support Payments to the University Board, as necessary to ensure that the Employee Housing Revenues are sufficient to meet the rate covenant for the Series 2025A Bonds under the Indenture and Operating Agreement. The Support Payments will be made from the Foundation's unrestricted net assets, which are available to the Foundation for any purpose in support of its mission. As of June 30, 2025, the Foundation's unrestricted net position was approximately \$13.5 million.

Value of Foundation Assets

As of June 30, 2025, the total value of the assets managed by the Foundation was approximately \$230.1 million, which includes approximately \$223.6 million in cash and cash equivalents, short-term investments, and long-term investments. The following tables set forth the historical fair value of Foundation assets as of June 30 for the last five Fiscal Years and the breakdown of the fair value of the Foundation's cash and investments as of June 30, 2025.

Historical Total Foundation Assets¹

As of June 30,				
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$178,086,108	\$164,718,359	\$185,699,204	\$206,115,247	\$230,102,845

Source: Florida Gulf Coast University Foundation, Inc.

¹ This summary is for high-level informational purposes only and should be read in conjunction with the financial statements and the related notes thereto; more detailed financial information of the Foundation's assets as of June 30 for the last five Fiscal Years is also provided in "Selected Historical Financial Information – Condensed Summary of Net Position" included herein.

Fair Value of Foundation Cash and Investments as of June 30, 2025

<u>Asset Class</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$40,767,052
Short-Term Fixed Income ¹ Investments	3,961,605
Short-Term Certificates of Deposit	4,000,000
Long-Term Domestic Equity ² Investments	69,267,956
Long-Term International Equity ³ Investments	42,580,975
Long-Term Fixed Income ¹ Investments	57,707,971
Alternative Investment Strategies ⁴	5,269,142
Total Cash and Investments	<u>\$223,554,701</u>

Source: Florida Gulf Coast University Foundation, Inc.

¹ Fixed income includes asset- and mortgage-backed securities, corporate and municipal bonds, government obligations, and US Treasury notes.

² Domestic equities includes US equities, US mutual funds, and fixed income mutual funds.

³ International equities include international mutual funds.

⁴ Alternative strategies include private equity and private credit.

Selected Historical Financial Information

Selected historical financial information about the Foundation for the past five Fiscal Years set forth in the following tables has been derived from and should be read in conjunction with the Foundation's financial statements and the related notes thereto. The Foundation's most recent audited financial statements are attached hereto as Appendix G.

Condensed Summary of Net Position

	As of June 30,				
	2021	2022	2023	2024	2025
Assets:					
Cash and Cash Equivalents	\$27,125,509	\$32,704,178	\$44,416,774	\$43,921,793	\$40,767,052
Short-term Investments	2,153,523	1,210,896	2,036,726	-	7,961,605
Other Current Assets	1,656,713	1,308,290	2,259,841	2,288,243	2,258,458
Investments (Noncurrent)	133,372,595	117,776,741	129,139,656	157,252,882	174,826,044
Other Noncurrent Assets	13,777,768	11,718,254	7,846,207	2,652,329	4,289,686
Total Assets	<u>\$178,086,108</u>	<u>\$164,718,359</u>	<u>\$185,699,204</u>	<u>\$206,115,247</u>	<u>\$230,102,845</u>
Liabilities:					
Current Liabilities	\$1,336,411	\$557,189	\$361,167	\$635,003	\$478,948
Noncurrent Liabilities:	580,122	557,877	561,043	595,148	543,600
Total Liabilities	<u>\$1,916,533</u>	<u>\$1,115,066</u>	<u>\$922,210</u>	<u>\$1,230,151</u>	<u>\$1,022,548</u>
Deferred Inflows of Resources	<u>\$1,881,209</u>	<u>\$1,373,073</u>	<u>\$1,457,312</u>	<u>\$1,701,796</u>	<u>\$1,886,706</u>
Net Position					
Net Investment in Capital Assets	-	-	\$3,975,170	\$50,350	\$15,083
Restricted by Donor ¹	\$73,963,478	\$57,702,983	70,018,681	84,931,109	102,106,882
Permanent Endowments ²	88,094,149	92,023,565	95,628,690	103,836,772	111,545,106
Unrestricted	12,230,739	12,503,672	13,697,141	14,365,069	13,526,520
Total Net Position	<u>\$174,288,366</u>	<u>\$162,230,220</u>	<u>\$183,319,682</u>	<u>\$203,183,300</u>	<u>\$227,193,591</u>

Source: Florida Gulf Coast University Foundation, Inc.

¹ Restricted expendable funds, which are available for spending by the Foundation in accordance with the donor's specified criteria.

² Restricted nonexpendable funds, which are required to be held by the Foundation in perpetuity.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Operating Revenues and Expenses					
Contributions	\$14,126,619	\$18,741,088	\$22,340,707	\$19,066,759	\$18,506,431
Other income	2,359,039	3,109,207	3,281,707	3,955,482	3,155,658
Total Operating Revenues	16,485,658	21,850,295	25,622,414	23,022,241	21,662,089
Less: Operating Expenses ¹	21,058,047	20,761,434	22,129,834	30,759,814	22,936,383
Net Operating Income (Loss)	<u>(\$4,572,389)</u>	<u>\$1,088,861</u>	<u>\$3,492,580</u>	<u>(\$7,737,573)</u>	<u>(\$1,274,294)</u>
Nonoperating Revenues (Expenses)					
Interest Earnings (Expense)	\$123,503	\$85,696	\$763,715	\$1,711,564	\$1,364,235
Investment Gains (Losses)	31,340,264	(17,133,410)	13,096,351	17,447,888	18,685,483
Other Revenues (Expenses), Net	(3,276,186)	-	623,065	533,983	-
Net Nonoperating Revenues (Expenses)	<u>\$28,187,581</u>	<u>(\$17,047,714)</u>	<u>\$14,483,131</u>	<u>\$19,693,435</u>	<u>\$20,049,718</u>
Income Before Endowment Contributions	\$23,615,192	(\$15,958,853)	\$17,975,711	\$11,955,862	\$18,775,424
Endowment Contributions					
Contributions to Endowments	\$4,961,224	\$3,900,707	\$3,113,751	\$7,907,756	\$5,234,867
Increase (Decrease) in Net Position	<u>\$28,576,416</u>	<u>(\$12,058,146)</u>	<u>\$21,089,462</u>	<u>\$19,863,618</u>	<u>\$24,010,291</u>

Source: Florida Gulf Coast University Foundation, Inc.

¹ Operating expenses include annual support to the University of \$12.0 million in Fiscal Year 2020-21, \$7.9 million in Fiscal Year 2021-22, \$10.0 million in Fiscal Year 2022-23, \$17.2 million in Fiscal Year 2023-24, and \$10.1 million in Fiscal Year 2024-25.

Discussion and Analysis of the Foundation's Financial Condition and Results of Operations

Net Position. The Foundation's assets have increased by approximately 29%, or a total of approximately \$52 million, over the past five Fiscal Years. The increase in assets over this period was primarily attributed to increases in investments due to positive market returns. Most recently, in Fiscal Year 2024-25, the Foundation's total assets were approximately \$230 million, an increase of approximately \$24 million (11.6%) from Fiscal Year 2023-24, mainly due to a net increase in investments. The increase to current assets in Fiscal Year 2024-25 is mainly due to the reclassification of short-term certificates of deposit and US Treasury notes maturing within a year being classified as current assets instead of noncurrent investments.

The Foundation's total liabilities have decreased by approximately 47%, or a total of approximately \$894,000, over the past five Fiscal Years. The decrease in liabilities over this period was primarily attributed to decreases in University support payable. Most recently, in Fiscal Year 2024-25, the Foundation's total liabilities were approximately \$1.0 million, a decrease of approximately \$208,000 (16.9%) from Fiscal Year 2023-24, mainly due to a decrease in Accounts payable on June 30, 2025

The Foundation's total net position has increased by approximately 30%, or approximately \$53 million, from June 30, 2021, to June 30, 2025. The change in net position equals the excess of funds and pledges received over the amounts expended and amortized. The Foundation's net position as of June 30, 2025, was approximately \$227 million, an increase of approximately \$24 million (11.8%) over the prior Fiscal Year.

Revenues, Expenses, and Changes in Net Position. The operations of the Foundation depend on revenues received from donors (i.e., contributions, etc.) and services provided (i.e., special events, etc.) to various customers and constituents of the Foundation. The largest component of its operating revenues is from external donations. Operating expenses include costs associated with program fees, scholarships, University support, and the Foundation's general administrative expenses. Non-operating revenues and expense reported consist of investment income, interest expense, and adjustments to the fair market value of investments. Contributions peaked in Fiscal Year 2022-23 mainly due to a sizable new scholarship donation.

Investment Policies

The Foundation Board annually reviews and approves the Foundation's Investment Policy Statement, which among other things governs the Foundation's investment activities and sets forth the boundaries within which its Outsourced Chief Investment Officer (CAPTRUST) may operate. The investment objectives of the Foundation are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. The long-term objective of the Foundation is to earn a real return on its portfolio that preserves its purchasing power, while offsetting all fees, expenses and withdrawals, and outperforming the benchmark returns established for each asset class. The Foundation's portfolio must offer sufficient liquidity to meet the spending rate of the Foundation and its expenses while also providing for the Foundation's needs over the long term. The Investment Policy Statement currently allows a spending rate of 4% of the three year rolling December 31 endowed fund market value, subject to annual review. The Foundation aims to achieve its total fund return goal while maintaining acceptable risk levels by diversifying its assets among several asset classes. For long-term investments, the Investment Policy Statement establishes an investment allocation of 60% equities (42% domestic equities and 18% international equities), 25% fixed income, and 15% alternative strategies. The following table sets forth the fair value of the Foundation's long-term investments by asset class and the asset allocation mix as of June 30, 2025.

**Fair Value of Long-Term Investments and Asset Allocation Mix
As of June 30, 2025**

<u>Asset Class</u> ¹	<u>Fair Value</u>	<u>Allocation (%)</u>
Domestic Equities ²	\$69,267,956	40%
International Equities ³	42,580,975	24%
Fixed Income ⁴	57,707,971	33%
Alternative Strategies ⁵	5,269,142	3%
Total Investments	\$174,826,044	100%

Source: Florida Gulf Coast University Foundation, Inc.

¹ Assets shown include long-term investments only. For fair value of all of the Foundation's assets as of June 30, 2025, refer to the audited financial statements for Fiscal Years Ended June 30, 2025 and 2024, attached hereto as Appendix G.

² Domestic equities includes US equities, US mutual funds, and fixed income mutual funds.

³ International equities include international mutual funds.

⁴ Fixed income includes asset- and mortgage-backed securities, corporate and municipal bonds, government obligations, and US Treasury notes.

⁵ Alternative strategies include private equity and private credit.

Endowments and Fundraising Efforts

Historical Giving. The Foundation provides the University with support from non-endowed gifts (current contributions) and spendable transfers from endowment funds. Contributions received for endowments are excluded from the Foundation's operating and nonoperating activities and are classified as endowment contributions. In Fiscal Year 2024-25, the University received \$34 million in philanthropic support through the Foundation. As of June 30, 2025, the total private endowment at the Foundation was \$157 million. The majority of the Foundation's operating revenues come from current contributions. Current and endowment contributions received by the Foundation, by restriction and giving program, are listed in the table below for the Fiscal Years shown.

	Historical Gift Report				
	Fiscal Year				
	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Current Contributions					
Unrestricted	\$365,853	\$614,517	\$480,904	\$337,884	\$348,097
Restricted ¹	<u>13,760,766</u>	<u>18,16,571</u>	<u>21,859,803</u>	<u>18,728,875</u>	<u>18,158,334</u>
Total Current Contributions	\$14,126,619	\$20,546,033	\$22,340,707	\$19,066,759	\$18,506,431
Endowment Contributions¹					
Eminent Scholars Program	-	-	\$1,000	-	\$1,075
Major Gifts Program	\$508,990	\$101,390	102,330	\$390,718	253,085
Other Endowment Contributions	<u>4,452,234</u>	<u>3,799,317</u>	<u>3,010,421</u>	<u>7,517,038</u>	<u>4,980,707</u>
Total Endowed Contributions	\$4,961,224	\$3,900,707	\$3,113,751	\$7,907,756	\$5,234,867
Total Contributions Received	\$19,087,843	\$24,446,740	\$25,454,458	\$26,974,515	\$23,741,298

Source: Florida Gulf Coast University Foundation, Inc.

¹ Restricted for use by the Donor for academic support, scholarships, research, etc.

While the level of contributions received by the Foundation reflects the impact of the economic climate on ability to give, it is anticipated that total contributions from private donors will remain well above \$30 million annually over the next few Fiscal Years. Various factors may impact the financial position of the Foundation in the future as it relates to acquiring future contributions, as such factors impact investment performance in the overall financial markets, which in turn will influence the decision making by donors as to the level and timing of future gifts.

Recent Fundraising Efforts. The Foundation's three-year "Ideas to Impact" campaign, which began with a celebration of the University's 25th anniversary in Fiscal Year 2021-22 concluded in Fiscal Year 2023-24, raising more than \$104.5 million to support the needs of the University, surpassing both the initial \$75 million goal and the \$100 million stretch goal. In Fiscal Year 2024-25, the Foundation raised \$34 million, and secured its largest pledge ever, \$22 million for the Marieb College of Health and Human Services. Due to the University's youth, a majority of the philanthropic support has come from the Southwest Florida community rather than the University's alumni. Recently, the Foundation has begun working to grow alumni support to supplement community support. One of the ways they are engaging alumni is through FGCU Give Day, which increased the number of alumni donors by 51% in Fiscal Year 2024-25 as compared to the prior Fiscal Year.

Programs Supported by the Foundation. The Foundation and University Advancement support several programs through which University alumni and supporters can participate in the life of the University. The Alumni Association has created a structured professional mentorship program for students across the University, supported by both alumni and community members. Alumni engagement is welcomed in a number of ways, including a Leadership Academy, lunch 'n learns at local employers, and extensive activities in every College around the homecoming basketball games. In addition, community members are actively invited to campus as guest speakers, judges, and volunteers in many other capacities. Finally, FGCU Academy is a robust lifelong learning program offered to the community that connects older adults with the intellectual development associated with a university.

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FLORIDA GULF COAST UNIVERSITY

Florida Gulf Coast University is one of 12 fully accredited, public educational institutions operated within the State. The University was founded in May 1991 with a mission to provide undergraduate and graduate education for citizens of southwest Florida, particularly those residing in Lee, Charlotte, Collier, Glades, and Hendry Counties. As a regional comprehensive institution, the University provides academic, economic, and cultural enrichment for the surrounding community through impactful partnerships and excellent teaching, learning, scholarship, and public service. The University is located on 800 acres of land in southern Lee County, approximately 20 minutes from Naples to the south and 20 minutes to downtown Fort Myers to the northwest.

The University opened as Florida's tenth State University in August 1997, with an initial enrollment of approximately 2,500 students. Since its opening, enrollment has more than quintupled; there are over 16,700 students enrolled at the University as of the fall 2025 semester, representing 50 states and more than 80 foreign countries. On an annual basis, the University retains over three quarters of its full-time first-year students; 85.1% of full-time and 78.3% of part-time freshmen who enrolled beginning in the fall of 2024 semester returned for their sophomore year in fall 2025.

The University is comprised of eight academic units: the College of Arts & Sciences, which includes the Bower School of Music & the Arts; the Daveler & Kauanui School of Entrepreneurship; the Lugert College of Business, which includes the School of Resort & Hospitality Management; the U.A. Whitaker College of Engineering; the Marieb College of Health & Human Services, which includes the School of Nursing; the College of Education; The Water School; and the Honors College. Students enrolled at the University receive a distinctive education with experiential learning, community service, and participation in a living laboratory of sustainability practices. For the 2025-2026 academic year, the University offers 66 undergraduate (bachelor) programs, 28 master programs, and 7 doctoral programs, as well 23 academic certificates.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate, baccalaureate, masters, and doctorate degrees. The University also may offer credentials such as certificates and diplomas at approved degree levels. Additionally, the University has earned specialized accreditation for a wide variety of its degree programs from 16 other professional accrediting agencies.

Governance and Administration

The State University System (the "System") comprised of all 12 public universities within the State (collectively, the "State Universities"). Each of the State Universities, including the University, is administered by a board of trustees and the System is governed by the Board of Governors of the State University System of Florida (the "Board of Governors").

Board of Governors

The Board of Governors was established in 2003, pursuant to Article IX, Section 7(d) of the Florida Constitution and Section 1001.70, Florida Statutes, as a public body corporate to operate, regulate, control, and manage the System. The responsibilities of the Board of Governors include defining the mission of each State University, ensuring the coordination and operation of the System, and avoiding wasteful duplication of facilities or programs. The Board of Governors' management of the System is subject to the power of the Legislature to appropriate funds.

The Board of Governors provides fiscal policy guidelines to the State Universities and their DSO. State Universities and their DSOs must engage in debt management practices that are consistent with the Board of Governors' Debt Management Guidelines, which address types of debt that may be issued, the amount of debt that may be incurred, and the purposes for which such debt may be issued. State Universities and their DSOs are also statutorily required to receive approval from the Board of Governors prior to the issuance of revenue bonds.

The Board of Governors consists of 17 members, 14 of whom are appointed by the Governor to staggered seven-year terms as provided by law, subject to confirmation by the Florida Senate. The following table lists the individuals who have been appointed to the Board of Governors and their terms:

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Appointed Members of the Board of Governors

<u>Board Members</u>	<u>Term Expires</u>
Brian Lamb, Chair	January 6, 2026
Alan Levine, Vice-Chair	January 6, 2031
Ashley Bell Barnett	January 6, 2026
Douglas Broxson	January 6, 2031
Timothy M. Cerio	January 6, 2031
Aubrey Edge	January 6, 2027
Carson Good	January 6, 2031
Edward Haddock	January 6, 2027
Ken Jones	January 6, 2027
Charles H. Lydecker	January 6, 2027
Craig Mateer	January 6, 2027
Jose Oliva	January 6, 2026
Paul Renner	January 6, 2031
Eric Silagy	January 6, 2026

The Commissioner of Education, the Chair of the Advisory Council of Faculty Senates, and the President of the Florida Student Association are *ex officio* members of the Board of Governors. The following individuals are the current *ex officio* members of the Board of Governors:

Anastasios Kamoutsas – Commissioner of Education
Kimberly Dunn – Chair, Advisory Council of Faculty Senates
Carson Dale – Chair, Florida Student Association

University Boards of Trustees

Article IX, Section 7(c) of the Florida Constitution provides for an appointed board of trustees at each State University, the powers and duties of which are established by the Board of Governors. The responsibilities for the boards of trustees include, but are not limited to, establishing policies and procedures that govern the State Universities in accordance with the rules of the Board of Governors, approving the annual operating budget for the State Universities based on the guidelines provided by the Board of Governors. The boards of trustees are vested with the powers and duties necessary and appropriate for the direction, operation, management, and accountability of their respective State Universities. Each State University is administered by a board of trustees.

Florida Gulf Coast University Board of Trustees. The University is governed by The Florida Gulf Coast University Board of Trustees (the “University Board”). The University Board provides oversight and acts as liaison to the Board of Governors on matters pertaining to the University and also serves as advisor to the University President concerning the management and development of the institution. The University Board consists of 13 members, 11 of whom are appointed to staggered five-year terms as provided by law, subject to confirmation by the Florida Senate. Six members are appointed by the Governor and five members are appointed by the Board of Governors. There is currently one vacancy on the University Board. The following table lists the individuals who have been appointed to the University Board and their terms:

Appointed Members of the Florida Gulf Coast University Board of Trustees

<u>Trustees¹</u>	<u>Term Expires</u>
Michael Wynn, Chair	January 6, 2026
Richard Eide, Jr., Vice Chair	January 6, 2028
Dr. Larry Antonucci	January 6, 2030
The Hon. Paul V. Applegarth	January 6, 2028
Joseph Fogg III	January 6, 2026
J. Leo Montgomery	January 6, 2026
Edward Morton	January 6, 2025 ²
Robbie Roepstorff	January 6, 2030
Henry Saad	January 6, 2030
Peter Sulick	January 6, 2026

¹ There is currently one vacancy on the board.

² Appointed trustees may remain in office after their term expires until they are reappointed or a successor is appointed.

Additionally, the President of the Faculty Senate and the University's Student Body President serve as the *ex officio* members of the University Board. The following individuals are the current *ex officio* members of the University Board:

Dr. Derek Lura – Faculty Senate President
Gianna Ihuoma – Student Body President

University Administration. The President serves as the executive officer and corporate secretary of the University Board and is responsible for all operations of the University. Other senior administrative officers are designated by the President. Generally, the Provost assumes responsibility for the President during any absence and is the chief academic officer. Other vice presidents have responsibility for specific areas within the University. The deans of colleges and schools are responsible to the Provost for all programs and personnel in their respective academic units. The following table sets forth the University's administrative officers.

Florida Gulf Coast University – President's Cabinet

<u>University Official</u>	<u>Position</u>
Dr. Aysegul Timur, Ph.D.	President
Dr. Debbie M. Thorne, Ph.D.	Executive Vice President & Provost
Dr. Paul Dosal, Ph.D.	Vice President & Vice Provost of Student Success & Enrollment Management
Ms. Kristina (Kristi) Carman	Vice President & General Counsel
Mr. David Vazquez	VP, Administrative Services & Finance; Executive Director, FGCU Financing Corporation
Dr. Eileen DeLuca, Ph.D.	VP, Strategic Initiatives & Chief of Staff
Ms. Katherine (Kitty) C. Green...	Vice President, University Advancement; Executive Director, FGCU Foundation, Inc.

Dr. Timur became the fifth president of the University in 2023. Previously, she served as the Vice President and Vice Provost for Strategy and Program Innovation. She is widely known for building collaborative teams of university and community stakeholders to implement strategic initiatives, including workforce alignments. Prior to joining the University in 2019, Dr. Timur held variety of faculty and executive leadership positions at Hodges University; she was named Dean of the Johnson School of Business in 2014 and the Senior Vice President of Academic Affairs in 2017.

Dr. Thorne joined the University as the Executive Vice President and Provost in 2025. Prior to her appointment at the University, she was in residence at the University of North Carolina at Charlotte through the American Council on Education's fellowship program and served as the senior vice provost at Texas State University.

Dr. Dosal was named Vice President and Vice Provost of Student Success & Enrollment Management in July 2025. Prior to his appointment at the University, he spent the last 15 years as a Vice President for Student Success at the University of Central Florida and the University of South Florida.

Ms. Carman joined the University as Vice President and General Counsel in May 2025. She is the head of the Office of the General Counsel, which represents the University Board and provides legal services to the University, the Financing Corporation, and the Foundation. Prior to her appointment at the University, she most recently served as the General Counsel for the University of West Georgia. Ms. Carman received her Juris Doctor from the University of Georgia School of Law.

Mr. Vazquez has served as the Vice President for Administrative Services & Finance since 2021. As the Vice President for Administrative Services & Finance, Mr. Vazquez is the chief fiscal and business officer of the University and oversees University operations related to business transactions, technology services, facilities planning and usage, public safety, human resources and more. Previously, he served as the Director of University Budgets, where he was responsible for the development of the University's budget process since the University opened in 1995. Mr. Vazquez also serves as the Executive Director of the Financing Corporation.

Ms. Green has served as the Vice President for University Advancement since 2019; she also serves as the Executive Director of the Foundation. She is responsible for fundraising, marketing and communications, and maintaining University relationships with alumni and the community. Prior to joining the University, Ms. Green spent her career developing master planned residential communities in southwest Florida before serving as the CEO of Habitat for Humanity of Lee and Hendry Counties.

Dr. DeLuca has served as the Vice President of Strategic Initiatives and Chief of Staff since 2025 and previously served as the Acting Vice President of Student Success & Enrollment Management from July 2024 until the position was filled in July 2025. Prior to her appointment at the University in 2023, she most recently served as the Provost of Florida SouthWestern State College (formerly Edison State College).

Faculty and Staff

Instructional Faculty. The instructional faculty employed by the University includes “ranked” faculty (i.e., faculty with the rank of Assistant Professor, Associate Professor, Professor), as well as instructors, lecturers, and adjunct professors. The number of instructional faculty employed by the University has increased by 17% over the past five academic years.

As of the fall 2025 semester, the University employs 602 full- and part-time ranked faculty (22.8% hold the rank of Professor, 22.4% are Associate Professors, 25.7% are Assistant Professors) and 343 other instructional faculty (instructors and adjunct professors). The student to faculty ratio for the fall 2025 semester is 20 to 1. The following tables provide historical faculty information for the past five academic years.

Instructional Faculty¹ By Position Classification

	Academic Year				
	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<u>Instructional Faculty</u>					
Professor	101	108	116	116	128
Associate Professor	134	134	138	134	132
Assistant Professor	146	152	141	152	157
Instructors	134	135	139	148	151
Lecturers	1	0	1	0	0
Adjunct Faculty	<u>253</u>	<u>279</u>	<u>295</u>	<u>280</u>	<u>295</u>
Total Faculty	769	808	830	830	863

Source: Florida Gulf Coast University

¹ Faculty includes salaried regular appointments. Librarians on faculty lines have been excluded.

Instructional Faculty¹ Data

Academic Year	Instructional Faculty		Percent with Terminal Degree	Student to Faculty Ratio
	<u>Full-Time</u>	<u>Part-Time</u>		
2020-21	516	253	79.5%	22:1
2021-22	529	279	80.7%	22:1
2022-23	535	295	80.6%	20:1
2023-24	550	280	79.5%	21:1
2024-25	568	295	79.2%	20:1

Source: Florida Gulf Coast University

¹ Faculty includes salaried regular appointments. Librarians on faculty lines have been excluded.

The University does not have a tenure system so faculty members work on multi-year contracts. These multi-year contracts allow the University to review its faculty in a significant manner at 3-year intervals to determine whether to renew a faculty member’s contract. The formal review process provides faculty with employment stability and the University with a direct path to not renew contracts where appropriate.

The faculty workforce is unionized and represented by the United Faculty of Florida. The Faculty Senate is the elected body that serves as a mechanism for communication with the University regarding academic program issues. As part of the total compensation package, the University offers its faculty, excluding adjunct professors, the option to participate in State- and University-sponsored health insurance programs and retirement plans. The University’s management considers its relationship with the faculty to be excellent.

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Staff. For the fall 2025 semester, the University employs 1,138 full-time staff (excluding full-time instructional faculty) and 1,397 part-time staff (excluding part-time instructional/adjunct faculty). The following table shows the personnel data for the fall 2025 semester by employment type.

Personnel Data for Fall 2025
(as of September 8, 2025)

<u>Employment Type</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
Faculty ¹	685	343	1,028
Administrative and Professional	744	0	744
Support Personnel	311	0	311
Graduate Assistants	0	66	66
Hourly Staff ²	0	1,331	1,331
Total Employees	1,740	1,740	3,480

Source: Florida Gulf Coast University

¹ Faculty includes 602 full- and part-time ranked faculty 343 part-time adjunct professors included in the instructional faculty in the prior tables, and 83 full-time additional faculty personnel in other position classifications including Librarians, Advisors, and/or Administrative Faculty.

² Hourly Staff includes work study employees, temporary employees, and student assistants.

The staff workforce is not unionized. The Staff Advisory Council is the elected body that serves as a mechanism for communication with the University regarding employee issues. As part of the total compensation package, the University Administrative & Professional and Support Personnel staff have the option to participate in State- and University-sponsored health insurance programs and retirement plans. The University's management considers its relationship with the staff to be excellent.

Workforce Capacity. In response to sustained enrollment growth, the University continues to prioritize strategic faculty recruitment to preserve its commitment to academic quality and maintain an appropriate student-to-faculty ratio. The goal of these initiatives is to enhance the University's ability to recruit and retain top talent, thereby strengthening its academic programs and institutional reputation. However, the University's recruitment efforts have been impacted by regional housing market conditions, which present affordability and availability challenges for prospective candidates. These factors have contributed to delays in filling certain positions and have elevated the overall vacancy. As of the fall 2025 semester, there were 223 unfilled positions at the University. The following table shows the unfilled positions at the University by employment type and total vacancy rate for each of the academic years shown.

Historical Workforce Capacity

<u>Academic Year</u>	<u>Total Positions</u>	<u>Open Positions By Employment Type</u>			<u>Total Vacancy Rate</u>
		<u>Faculty</u>	<u>Admin & Prof. Staff</u>	<u>Support Staff</u>	
2020-21	1592	32	43	20	5.97%
2021-22	1827	53	73	31	8.59%
2022-23	1974	74	102	39	10.89%
2023-24	1995	85	94	36	10.78%
2024-25	2057	84	117	54	12.40%

Source: Florida Gulf Coast University

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Students

Admission. The University admitted approximately 14,650 first-time-in-college (“FTIC”) applicants for admission for the fall 2025 semester and enrolled approximately 2,800 FTIC students. The following table sets forth the total number of applications received, the applicants accepted, and the number of FTIC students matriculating at the University for the academic years shown.

Student Admissions by Academic Year

Academic Year	Applications Received	Acceptances		Matriculants	
		# Admitted	% Admitted	# Enrolled	% of Admitted Enrolled
2021-22	14,463	12,901	89.2%	3,133	24.3%
2022-23	15,657	11,647	74.4%	2,803	24.1%
2023-24	16,050	12,318	76.7%	2,776	22.5%
2024-25 ¹	20,422	12,956	63.4%	2,704	20.8%
2025-26 ^{1,2}	20,859	14,658	70.3%	2,782	19.0%

Source: Florida Gulf Coast University Office of Planning and Institutional Performance.

¹ The number of applications increased by more than 20% year-over-year for the fall 2024 semester as a result of the University’s use of the student recruitment software, Slate. The final total of applications received for the fall 2025 semester are expected to be comparable.

² Preliminary as of November 17, 2025; subject to change.

The following table shows the average high school grade point averages (GPA), Scholastic Aptitude Test (SAT) score, and American College Test (ACT) score for FTIC students matriculating at the University for each of the fall semesters shown.

Incoming Student Profile

Fall Semester	High School GPA	SAT Score ¹	ACT Score
2021	4.02	1097	22.3
2022	4.03	1127	23.1
2023	4.07	1126	22.9
2024	4.12	1122	22.6
2025 ²	4.12	1109	22.7

Source: Florida Gulf Coast University Office of Planning and Institutional Performance

¹ SAT scores shown include the combined scores for the critical reading (verbal) and mathematics subtests only.

² Preliminary as of November 17, 2025; subject to change.

Enrollment. Student enrollment at the University has steadily grown over the past several years. Total student enrollment for the 2024-25 academic year was comprised of 83% undergraduates, with freshmen making up 17% of the student body; 13% graduate students; and 4% other students who are not enrolled in degree-granting programs. The student body is increasingly diverse; for the 2024-25 academic year, 58% of enrolled students were women, 35% were minorities, and 2.5% were Nonresident Alien students. The University’s preliminary fall 2025 enrollment totals 16,813 students.

The following table shows the annual full-time equivalent (“FTE”) enrollment at the University and total headcount enrollment at the University by level for the fall semester of academic years shown. The FTE calculation is a measure of enrollment based on the number of credit hours for which students enroll. The Board of Governors calculates annual FTEs for the System as 30 credit hours for undergraduate and 24 credit hours for graduate students during an academic year, which mirrors the federal government’s methodology.

Historical Headcount and FTE Enrollment

Academic Year	Fall Headcount				Annual FTE
	Undergraduate	Graduate	Non-Degree	Total	Total
2021-22	13,855	1,588	449	15,892	10,323
2022-23	13,794	1,780	430	16,004	10,479
2023-24	13,815	1,891	506	16,212	10,747
2024-25	13,864	2,098	671	16,633	11,118
2025-26 ¹	13,826	2,222	765	16,813	n/a

Source: Florida Gulf Coast University Office of Planning and Institutional Performance

¹ Preliminary as of November 17, 2025; subject to change. Annual FTE information is not available until the end of the academic year.

Tuition and Fees. The average annual undergraduate tuition and fees, assuming 30 credit hours, is approximately \$6,120 for in-state students and approximately \$25,160 for out-of-state students. The average annual graduate tuition and fees, assuming 24 credit hours, is approximately \$8,960 for in-state students and approximately \$31,215 for out-of-state students. The tuition and fees charged by the University have remained constant since the 2013-2014 academic year. The following table lists the current tuition and fees charged to each student per credit hour based on level and residency status.

Current Tuition and Fees (Per Credit Hour)				
<u>Tuition and Fees</u>	<u>Undergraduate</u>		<u>Graduate</u>	
	<u>In-State</u>	<u>Out-of-State</u>	<u>In-State</u>	<u>Out-of-State</u>
Tuition	\$105.07	\$709.65	\$290.60	\$1,173.73
Tuition Differential	36.38	36.38	-	-
Student Financial Aid Fee	5.25	35.46	14.52	58.67
Capital Improvement Fee	6.76	6.76	6.76	6.76
Local Fees ¹	52.23	52.23	61.50	61.50
Tuition Waiver	(1.75)	(1.75)	-	-
	\$203.94	\$838.73	\$373.38	\$1,300.66

Source: Florida Gulf Coast University Office of the Controller

¹ Local Fees include the Transportation Access, Parking, Activity & Service, Athletic, Health, and Technology Fees.

Buildings and Facilities

The University's campus spans approximately 800 acres and includes more than 140 buildings totaling over 5.1 million gross square feet. The campus infrastructure supports a comprehensive academic and student experience, with facilities that include major academic buildings with classrooms and laboratories, administrative offices, a library, student services buildings, multiuse spaces, an early childhood development center, public broadcasting studios, campus recreation and athletic facilities, student housing, dining venues, and various support buildings. Additional campus infrastructure includes two central energy plants, extensive parking facilities, and a solar power generation field that supplies approximately 20% of the campus's energy needs. The University also maintains approximately 50% of its total land area in natural conservation areas that support stormwater management, serve as outdoor laboratories for faculty and students, and contribute to the overall environmental quality of the campus.

Most recently, in 2022, the University opened Academic Building 9, home to The Water School, the largest academic building on campus to date. This state-of-the-art facility includes classrooms, teaching and research laboratories, faculty offices, and support spaces. The Water School serves as a multidisciplinary hub for environmental research, education, and outreach, addressing critical regional and global challenges related to water quality, coastal resilience, climate change, and ecosystem health. Its location in Southwest Florida, the intersection of freshwater and saltwater systems, positions the University as a leader in sustainability and environmental innovation.

Building on this momentum, the University has secured over 80% of the \$145 million required for the construction of Academic Building 10 – Health Sciences, a 158,500 gross square foot facility that will include specialized laboratories, medical simulation equipment and instructional spaces designed to support interdisciplinary research and innovation across key health-related fields, including nursing, clinical laboratory sciences, behavioral health, and public health. Academic Building 10 represents a strategic investment in expanding the University's academic and research infrastructure in the health sciences and will enhance the University's capacity to address regional healthcare challenges, particularly those associated with a rapidly aging population and a growing demand for skilled healthcare professionals.

Additionally, to further expand its environmental research and outreach capabilities, the University is actively developing the Babcock Ranch Learning, Research, and Outreach Facility, a 125,250 gross square foot facility located within the sustainable Babcock Ranch community in Punta Gorda, Florida. The University has secured \$22 million of the \$90 million required for the construction of this facility, which will serve as a regional center for sustainability and resilience, enabling the University to lead efforts in environmental stewardship in Southwest Florida through innovative research, community engagement and education.

Annual Operating Budget

The University prepares and submits a proposed annual operating budget to the University Board, which represents the University's plan for utilizing the resources available through direct or continuing appropriation by the Legislature, student fees, and other local sources. The University Board reviews and submits the annual operating budget to the Board of Governors for review. The following table sets forth the historical budgeted revenues of the University by source for the Fiscal Years shown.

Annual Operating Budget

Budgeted Revenues	Fiscal Year				
	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
<i>Education and General (“E&G”)</i>					
General Revenue	\$98,534,047	\$102,298,810	\$133,103,938	\$141,957,008	\$129,274,939
Tuition & Fees	62,700,211	65,994,215	72,368,945	73,543,791	74,997,090
Lottery	12,964,324	16,104,822	18,448,629	17,384,103	17,086,697
<i>Student Related Activities</i>					
Student Activity Revenue	4,605,452	4,651,507	4,651,507	4,698,023	4,770,056
Athletic Revenue	12,177,824	13,353,680	13,832,610	14,104,987	15,013,012
Concessions	400,000	434,500	370,000	270,000	361,000
Financial Aid Revenue	33,869,906	33,996,104	35,659,066	38,223,588	42,323,881
<i>Grant and Auxiliary Revenues</i>					
Grant Associated Revenue	53,435,143	29,211,651	27,074,020	30,758,565	32,587,727
Auxiliary Revenue	<u>46,985,008</u>	<u>49,202,356</u>	<u>49,264,989</u>	<u>55,591,339</u>	<u>57,877,413</u>
Total Revenues	\$325,671,915	\$315,247,645	\$354,773,704	\$376,531,404	\$374,291,815

Source: Florida Gulf Coast University Office of the Controller

History of State Appropriations

The following table sets forth the history of State appropriations to the University for the Fiscal Years shown. General Revenue appropriations are primarily funded from State sales tax and are for E&G for the University. The University also receives performance-based funding from the State, operating appropriations from the Educational Enhancement Trust Fund (“Lottery”), and capital appropriations from Public Education Capital Outlay (“PECO”) monies and the Capital Improvement Trust Fund (“CITF”).

Historical State Appropriations¹

	Fiscal Year				
	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Operating Appropriations					
General Revenue	\$87,469,984	\$92,221,062	\$120,149,884	\$135,968,600	\$121,066,463
Lottery	12,964,324	16,104,822	18,448,629	17,384,103	17,086,697
Performance-Based Funding	<u>11,469,477</u>	<u>11,427,087</u>	<u>14,538,365</u>	<u>7,684,630</u>	<u>8,032,715</u>
Total Operating	\$111,903,785	\$119,752,971	\$153,136,878	\$161,037,333	\$146,185,875
Capital Appropriations					
General Revenue	-	\$6,438,669	-	\$1,915,130	-
PECO	-	-	\$58,000,000	54,752,570	\$21,732,277
CITF	<u>\$2,068,456</u>	<u>1,992,497</u>	<u>2,111,377</u>	<u>2,284,695</u>	<u>2,445,711</u>
Total Capital	\$2,068,456	\$8,431,166	\$60,111,377	\$58,952,395	\$24,177,988
Total State Appropriations	\$113,972,241	\$128,184,137	\$213,248,255	\$219,989,728	\$170,363,863

Source: Florida Gulf Coast University Office of the Controller

¹ Fiscal Year 2024-25 State appropriations are unaudited; amounts shown for Fiscal Year 2025-26 are preliminary.

Research Programs

Since 1997, the University has secured more than \$404 million in externally funded sponsored awards. Faculty across disciplines have led a wide range of research and service projects supported by these funds. In Fiscal Year 2024–2025, externally funded sponsored awards totaled \$43.8 million.

The University has established a strong and growing reputation in the field of environmental education, with demonstrated research in disciplines such as estuarine science, ecotoxicology, marine biology, harmful algal bloom dynamics, environmental engineering, and renewable energy. These areas of expertise reflect the institution’s commitment to addressing critical environmental challenges through both scholarly inquiry and applied learning. The Water School fosters collaboration across disciplines to address these water-related challenges impacting ecosystems, public health, and regional economies. Additionally, the planned Academic

Building 10 and Babcock Ranch Learning, Research, and Outreach Facility will foster impactful research, while supporting the University's broader strategic goals of academic excellence, regional impact, and sustainability.

TAX MATTERS

Federal Tax Treatment of the Series 2025A Bonds

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 Series 2025A Bonds in order that interest on the Series 2025A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2025A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2025A 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 Series 2025A 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 Financing Corporation and the University Board have covenanted to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2025A Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2025A Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2025A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, the interest on the Series 2025A Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under section 55 of the Code.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Bonds. Prospective purchasers of Bonds should be aware that the ownership of 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 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 Bonds; (iii) the inclusion of interest on 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 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 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 Financing Corporation and the University Board, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2025A 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 Series 2025A 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 PURCHASERS AND 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 Series 2025A 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 Series 2025A 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 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2025A Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of 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 Series 2025A 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 Series 2025A Bonds. Similar proposals may also be considered by the State legislature. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon the Series 2025A Bonds.

Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2025A 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 Original Issue Discount and Premium

The Series 2025A Bonds maturing in the years 2040 through 2049, both inclusive, 2051 and 2056 (collectively, the “Discount Bonds”), were offered and sold to the public at an original issue discount. Under the Code, the difference between the maturity amount of the Discount 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 the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is “original issue discount.” Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above.

The Series 2025A Bonds maturing in the years 2028 through 2039, both inclusive (collectively, the “Premium Bonds”), were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. The difference between the principal amount of 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.

PROSPECTIVE PURCHASERS AND BONDHOLDERS OF ANY SUCH DISCOUNT BONDS OR PREMIUM BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PRECISE DETERMINATION FOR FEDERAL INCOME TAX PURPOSES OF ORIGINAL ISSUE DISCOUNT AND AMORTIZABLE BOND PREMIUM, AS APPLICABLE, THE TREATMENT UPON THE SALE, REDEMPTION, OR OTHER DISPOSITION OF DISCOUNT BONDS OR PREMIUM BONDS, AS APPLICABLE, AND THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING AND DISPOSING OF DISCOUNT BONDS OR PREMIUM BONDS, AS APPLICABLE.

State Taxes

The Series 2025A 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 Series 2025A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the Series 2025A Bonds for estate tax purposes.

The Series 2025A 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.

INDEPENDENT AUDITORS

The University's financial statements are subject to audit procedures as part of the audit of Florida's Annual Comprehensive Financial Report and are independently audited by the State Auditor General's Office; however, the State Auditor General does not audit the financial statements of the blended and discretely presented component units of the University, which are audited by independent certified public accountants. The University's financial statements as of and for the Fiscal Year ended June 30, 2024 have been audited by the State Auditor General, as stated in their report dated January 13, 2025, appearing therein. The State Auditor General has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2025A Bonds. A copy of the University's audited financial statements for Fiscal Year 2023-24 is attached hereto as Appendix E.

The Financing Corporation is included within the University's reporting entity as a blended component unit of the University and, due to the substantial economic relationship between the Financing Corporation and the University, its financial activities are included within the University's financial statements. The Financing Corporation's financial statements as of and for the Fiscal Year ended June 30, 2025 have been audited by HSC/Tuscan & Company, P.A., as stated in their report dated August 25, 2025 appearing therein. HSC/Tuscan & Company, P.A., has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2025A Bonds. A copy of the Financing Corporation's audited financial statements for Fiscal Year 2024-25 is attached hereto as Appendix F.

The Foundation is included within the University's reporting entity as a discretely presented component unit of the University. The Foundation's financial statements as of and for the Fiscal Years ended June 30, 2025 and June 30, 2024 have been audited by James Moore & Co., as stated in their report dated October 21, 2025 appearing therein. James Moore & Co. has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2025A Bonds. A copy of the Foundation's audited financial statements for Fiscal Year 2024-25 is attached hereto as Appendix G.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2025A Bonds and with regard to the treatment of interest on Series 2025A Bonds for federal tax purposes (see "TAX MATTERS" herein) are subject to the legal opinion of Bryant Miller Olive P.A., Orlando, Florida, as Bond Counsel. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2025A Bonds, will be delivered to the Underwriter at the time of original delivery of the Series 2025A Bonds.

The proposed text of the legal opinion is set forth in Appendix H hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The legal opinion will speak only as of its date, and subsequent distribution of the opinion by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Certain legal matters incident to the issuance of Series 2025A Bonds will be passed upon for the Financing Corporation and the University Board by the University's Office of General Counsel, as counsel to the Financing Corporation, and by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance"), as Disclosure Counsel.

FINANCIAL ADVISOR

The Division of Bond Finance is serving as Financial Advisor to the Financing Corporation with respect to the sale of the Series 2025A Bonds and has assisted in the preparation of this Official Statement and advised on matters relating to the planning, structuring, and issuance of the Series 2025A Bonds. The Division of Bond Finance is a government entity created to assist with the issuance of debt, and its employees are exempt from the definition of "municipal advisor" found in 17 CFR 240.15Ba1-1. The Division of Bond Finance will not engage in any underwriting activities with regard to the issuance and sale of the Series 2025A Bonds. The Division of Bond Finance has not undertaken any independent verification of the information contained in this Official Statement and does not assume responsibility for the accuracy, completeness, or fairness of such information.

CONTINGENT FEES

The Financing Corporation has retained Bryant Miller Olive P.A. as Bond Counsel and has retained the Division of Bond Finance as Disclosure Counsel and as Financial Advisor with respect to the authorization, sale, execution, and delivery of the Series 2025A Bonds. Payment of the fees of such professionals is contingent upon the issuance of the Series 2025A Bonds.

BOND RATINGS

Fitch Ratings and Moody's Investor Service (collectively, the "Rating Agencies") have assigned their municipal bond ratings of A- (stable outlook) and A3 (stable outlook), respectively, to the Series 2025A 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 Financing Corporation furnished certain information and materials to the Rating Agencies in respect to the Series 2025A Bonds. Generally, the 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 Series 2025A Bonds.

CONTINUING DISCLOSURE

The Financing Corporation, the University Board, and the Foundation will undertake, for the benefit of the Owners of the Series 2025A Bonds to provide, or cause to be provided, (i) certain financial information of the Financing Corporation, the University, and the Foundation; (ii) operating data of the Employee Housing System; and (iii) notices of certain material events. Such financial information, operating data, and material event notices will be transmitted to the Municipal Securities Rulemaking Board (the "MSRB") using its Electronic Municipal Market Access System ("EMMA"). Any notice of material events will also be transmitted to the MSRB using EMMA. This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission. The form of the undertaking is set forth in Appendix I, "Form of Continuing Disclosure Agreement."

The Financing Corporation has engaged the Division of Bond Finance to act as its dissemination agent with respect to the Series 2025A Bonds. The Division of Bond Finance has policies and procedures in place to assist the Financing Corporation, the University Board, and the Foundation in complying with their disclosure undertakings.

LITIGATION

There is no litigation pending, or to the knowledge of the University Board, the Financing Corporation, or the Foundation threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the Series 2025A Bonds or the fixing or collection of the revenues pledged thereto. Nor is there any litigation pending, or to the knowledge of the University Board or the Financing Corporation threatened, which questions or affects the validity of the Series 2025A Bonds, the proceedings and authority under which the Series 2025A Bonds are to be issued or the corporate existence of the Financing Corporation or the title of the present officers to their respective offices. The University Board and the Financing Corporation from time to time engage in certain routine litigation, the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the Series 2025A Bonds.

UNDERWRITING

Wells Fargo Bank, National Association (the "Underwriter") has agreed to purchase the Series 2025A Bonds at competitive sale at an aggregate purchase price of \$23,671,215.43 (which represents the par amount of the Series 2025A Bonds plus a net original issue premium of \$302,980.20 and minus the Underwriter's discount of \$206,764.77). The Underwriter may offer and sell the Series 2025A Bonds to certain dealers (including dealers depositing bonds into investment trusts), at prices lower than the offering price stated on the inside front cover.

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EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the Financing Corporation. At the time of delivery of the Series 2025A Bonds, the Financing Corporation will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement, as of its date and as of the date of delivery of the Series 2025A Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

DAVID VAZQUEZ
Executive Director



Faculty & Staff Housing Market Analysis

FINAL REPORT / JANUARY 2025

UPDATED AS OF JUNE 06, 2025



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Preface

In December 2024, Florida Gulf Coast University (“FGCU” or the “University”) engaged Brailsford & Dunlavey (“B&D”) to assess demand for faculty and staff housing, through a Faculty and Staff Housing Market Analysis (the “Analysis”). Recent shifts in the housing market surrounding FGCU’s campus are creating high barriers for University faculty and staff to live within reasonable distance from campus. As a result, FGCU is interested in developing an initial 74 units of housing on land currently owned by the University’s Board of Trustees (“FGCU BOT”). The proposed project is seen as an opportunity to enhance the University’s ability to recruit and retain top-tier faculty and staff. Understanding the urgency of this opportunity, the FGCU BOT unanimously approved the development outlined further in this document (the “Report”).

The Report summarizes Brailsford & Dunlavey’s key findings and recommendations of the Analysis. The findings and recommendations contained herein represent the professional opinions of B&D’s personnel based on assumptions and conditions detailed in the Report. B&D relied extensively on University-related information provided by FGCU, accepted this information as accurate, and performed no independent verification to confirm its validity. B&D also conducted research using both primary and secondary information sources that are deemed reliable but whose accuracy cannot be guaranteed. Brailsford & Dunlavey does not represent or warrant that the estimates and projections contained herein will be realized, as the actual performance will be influenced by market forces and other external factors beyond the University’s or B&D’s control.

This Report is intended to be used in whole and not in parts. Separation of any part from the whole may skew information or interpretation. B&D makes no assurance and provides no guarantee or warranty that the estimates and projections presented in this Report will reflect FGCU’s actual costs and financial performance. Economic and market conditions, the University’s actions, and implementation timing, as well as other important circumstances beyond B&D’s control, often do not occur as planned and such deviations can be material.

B&D would like to thank the following individuals from the University steering committee who provided critical insight and direction throughout the process (in alphabetical order):

- ◆ Mary Banks, Chief Information Officer, Information Technology Services
- ◆ Katherine “Kitty” Green, Vice President for University Advancement and Executive Director of FGCU Foundation
- ◆ Pamela McCabe, Director of University Communications & Media Relations, Office of the President
- ◆ Sara Stensrud, Senior Associate Vice President & Chief Human Resources Officer, Human Resources

The B&D team responsible for completing the planning effort was comprised of the following individuals:

◆ Brad Noyes, President	◆ Brenden Kollar, Director
◆ Joe Winters, Vice President	◆ Molly Nealon, Senior Project Analyst
	◆ Allie Hay, Project Analyst

Background

PURPOSE

The rising home values and increasing rental rates in the Fort Myers and South Lee County submarkets have created a significant barrier for FGCU's faculty and staff, making it difficult for them to find affordable housing close to the University. As a result, this issue threatens the University's ability to retain and attract high-quality talent, which is crucial for its ongoing success and growth. In response, FGCU has an opportunity to support its workforce by offering a dedicated affordable housing option that is specifically designed to meet the needs of new faculty and staff members. Such an initiative would help ease the housing burden for faculty and staff while fostering a more stable and dedicated workforce.

To ensure that the proposed project meets the needs of the University's faculty and staff while aligning with the realities of the local housing market, Brailsford & Dunlavey conducted a thorough Faculty and Staff Housing Market Analysis. More information on B&D's approach to the Analysis can be found below.

APPROACH

A series of assessments and planning activities were required to accomplish all the objectives of the Analysis, including confirming FGCU's goals for workforce housing, a web-based faculty and staff survey, a detailed housing demand analysis, and a housing market analysis. Further detail on each effort is described below:

- ◆ **Faculty and Staff Demographic Analysis:** A detailed analysis of FGCU's faculty and staff population was conducted to define and properly size the primary target market for the project. This assessment utilized demographic data provided by FGCU, including employee roles, income levels, marital status, and commuting patterns. The goal was to identify distinct subpopulations within the workforce and uncover trends influencing housing preferences, such as commute times or high-cost housing challenges. The analysis segmented the workforce by job type, salary range, and family structure to understand how housing needs vary across groups. This demographic information was then integrated with survey results to provide a comprehensive view of demand and to project future housing needs.
- ◆ **Stakeholder Interviews:** B&D met with faculty members in January 2025 to gather observations from potential end users of the proposed project. The conversations revealed unique insights into FGCU's employees' experiences with the local rental housing market. The outcomes of the conversations were used as qualitative information to create additional context for the quantitative data derived from the survey, which is explained in more detail below.
- ◆ **Local Demographic and Housing Market Analysis:** B&D analyzed demographic trends across Fort Myers and South Lee County to understand how the local housing inventory accommodates the area's population. This assessment examined factors such as household types, sizes, ages, income levels, and commuting patterns, while also identifying how these demographics have evolved over time and may change in the future. These insights provide a foundation for understanding the broader context of housing affordability and

accessibility. Building on this demographic analysis, B&D conducted a detailed review of Fort Myers' rental housing market, using primary and secondary research to evaluate current offerings, costs, amenities, and potential for new developments.

- ◆ **University-Provided Workforce Housing Examples:** While the University has an established development plan for the project, B&D also analyzed multiple examples of existing university-provided workforce housing. This research offers valuable insights into effective employee housing programs, including key factors for successful rental initiatives. The University can use these findings to shape the framework for its future workforce rental housing program.
- ◆ **Web-Based Workforce Housing Survey:** B&D implemented a web-based survey, in collaboration with FGCU, to assess faculty and staff preferences regarding unit types, amenities, and housing costs. The survey gathered insights into the FGCU workforce's experiences securing housing in the local market, offering valuable context for understanding their challenges. The survey was open for responses from December 20, 2024, until January 10, 2025, and received 708 responses, representing 45% of FGCU's 1,658 employees.

The data set provides a margin of error under 4% at a 95% confidence level. Responses were distributed across the following employment categories: Faculty (235 responses, 41% response rate), Support Staff (126 responses, 31% response rate), and Administrative & Professional Staff (347 responses, 50% response rate). Notably, 38% of respondents joined FGCU within the past three years, and nearly 50% were within their first five years at the university. The survey results were used to inform demand projections by unit typology and relative price points, offering a detailed picture of workforce housing needs. By gathering input from a diverse range of FGCU faculty and staff, the analysis delivers insights to guide the University's strategic decision-making on workforce housing initiatives.

- ◆ **Demand Analysis:** Building on the survey results, B&D conducted a demand analysis to gain a deeper understanding of FGCU's workforce housing needs. This analysis went beyond simply identifying preferences for different unit configurations and price points. It also examined survey data on the community's willingness to pay for various living arrangements consistent with the proposed project, enabling the quantification of demand across the proposed project's program. By combining these insights, the analysis provided detail into the specific housing needs and preferences for FGCU's faculty and staff populations.

UNIVERSITY OVERVIEW

Florida Gulf Coast University, founded in 1991 and officially opened in 1997, has grown into a major educational and economic force in Southwest Florida, serving approximately 16,000 students across nearly 100 different degree programs. FGCU was established as a “transformative, learner-centered institution dedicated to student success that strategically serves Southwest Florida and beyond.”¹ Using land selected by the Board of Regents and donated by Ben Hill Griffin III, the University set plans for the initial development of the current campus which culminated in a groundbreaking in November 1995². The University’s opening in 1997 was quickly followed by the first official FGCU commencement, which occurred in May 1998, just months before the first student housing facility opened on campus³. This marked the beginning of a period of rapid growth that has shaped the University into what it is today.

Today, the University employs over 1,650 faculty and staff. As the University continues to grow, housing affordability has become an increasing concern, not only for students, but also for faculty and staff, as there is currently no University-affiliated housing available for faculty or staff members and limited affordable options exist in communities surrounding FGCU’s campus. The University’s strategic plan, *FGCU’s Journey to Excellence – Strategic Plan 2024 – 2029*, identifies housing challenges as a key factor affecting faculty and staff recruitment and retention, particularly for early-career employees and those relocating from more affordable regions. Providing lower-cost housing in close proximity to campus not only aids in recruitment and retention for staff, but also increases opportunities for student-faculty engagement, mentorship, and collaboration, all of which are critical for FGCU’s long-term success. As FGCU continues to expand its academic offerings and community partnerships, addressing housing affordability will be essential to sustaining its mission, supporting employees, and meeting the needs of a growing student population.

¹ “Our Mission”, *About FGCU*, <https://www.fgcu.edu/about/> (Accessed January 2025).

² “The Formative Years”, *About FGCU – Our History*, <https://www.fgcu.edu/about/history> (Accessed January 2025).

³ *Ibid.*

Executive Summary

DEVELOPMENT OPPORTUNITY

Identified as an important initiative since 2020, Florida Gulf Coast University explored various options to address the need for affordable housing amid significant rental rate increases in recent years. In early 2024, the University decided to move forward with a project that would be financed by a bond issuance through a Direct Support Organization (“DSO”) and be located on a plot of unused land owned by FGCU’s BOT (collectively, the “Project”). The approved approach would include offering housing at rental rates below market averages throughout the life of the Project. While the actual performance may vary, the current plan envisions offering rental units 15% to 20% below market rates, on average. Through this Project, FGCU will offer convenient access to campus, nearby retail, and various surrounding amenities, making it an ideal location for future faculty and staff.

In September 2024, FGCU’s BOT approved plans for the University to offer workforce housing to help curb the effects of the inflationary housing market on employees. After completing an Invitation to Negotiate (“ITN” or the “Solicitation Process”) to solicit interest from qualified developers to provide FGCU with development services, the FGCU BOT unanimously approved the first phase (“Phase 1”) of a 194-unit housing development. The Board of Trustees approval initiated the process of submitting to the State University System’s (“SUS”) Board of Governors (“BOG”) for final approvals.

Subject to the Board of Governors’ approval, the FGCU BOT would utilize a Direct Support Organization to finance Phase 1, which is estimated to cost \$24 million to develop 74 rental units. The DSO would enter into a development agreement with the preferred partner from the ITN process, Soltura Development, which will serve as the development manager for Phase 1 on behalf of the DSO. Additionally, the FGCU BOT would either transfer ownership or ground lease the proposed site to the DSO at no cost. The Project’s debt financing is anticipated to be 100% paid through the Project’s revenues, in accordance with BOG and state regulations, including maintaining a Debt Service Coverage Ratio of at least 1.20x the total annual debt service in any year.

PROPOSED SITE AND LOCATION

Located just under three miles north from FGCU’s campus core, the Project’s proposed site is a 23.5-acre plot of land that is currently unused. Additionally, the proposed site is immediately adjacent to the University’s West Lake Village Apartments – a student housing complex that is “on campus” housing for FGCU. With the natural wetlands and lakes that immediately surround FGCU’s campus and several luxury single family home communities that also create a perimeter around the University, there are a limited number of affordable rental housing properties adjacent to campus. Additionally, the proposed site will be within walking distance of the vibrant Gulf Coast Town Center, a large-scale retail property. This location will provide future residents with several amenities, including a short commute to and from campus.

FGCU Workforce Housing Project Site & Planned Development

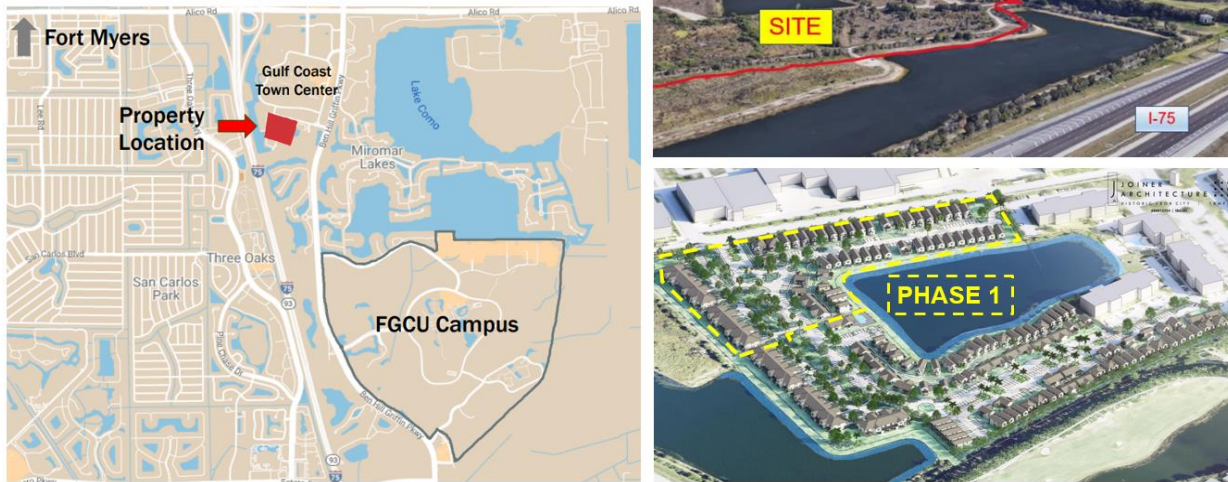


Figure 1: Overview of the Project's Proposed Site Location, Relative to FGCU's Campus.

PROPOSED PROJECT PROGRAM AND DESIGN

The proposed Project would provide the University with a total of 194 rental units developed over multiple unit types and designs, including cottages and townhomes. However, as the University plans to offer the first workforce housing development within the SUS, FGCU plans to implement the Project through a phased approach to mitigate against occupancy risk while also ensuring the remaining phases align with employee demand and preferences. This phased approach includes the development of 74 rental units in Phase 1 across multiple cottage and townhome units. As illustrated in **Figure 2**, Phase 1 will include cottages with varying amounts of floor levels and townhomes that will include vehicular garages. The proposed site will also offer ample street parking, which will be available to residents behind a gated vehicular entry to the community.

Unit Type	Total Units	SF/Unit
Cottage - 1 Story 1-Bed / 1-Bath	4	750
Cottage - 2 Story 1-Bed / 1.5-Bath	14	917
Cottage - 1 Story 2-Bed / 2-Bath	2	1,031
Cottage - 2 Story 2-Bed / 2.5-Bath	36	1,342
Cottage - 2 Story 3-Bed / 2-Bath	0	1,398
Cottage - 2 Story 3-Bed / 2.5-Bath	0	1,626
Townhouse - 3-Bed / 2.5-Bath / 1-Car Garage	14	1,815
Townhouse - 3-Bed / 2.5-Bath / 2-Car Garage	4	1,635
Total Units:	74	

Figure 2: Overview of Phase 1's Program, Including the Total Units and Unit Sizes for Each Unit Type.

KEY FINDINGS

Rising housing costs in Southwest Florida have made it increasingly difficult for FGCU faculty and staff to find affordable housing near campus, leading to challenges in recruitment, retention, and employee stability. To address the challenges of attainable workforce housing in this area, FGCU has been actively exploring opportunities to provide transitional housing for new employees early in their careers at the University. This Report highlights the extent to which demand exists for such housing sponsored by FGCU.

A summary of key market findings is provided below, followed by an overview of the recommended response. Detailed findings of the Analysis can be found in the pages that follow the Executive Summary.

- ◆ **FGCU-sponsored workforce housing is a critical tool for recruitment and retention, and the University should actively pursue efforts to establish and expand its housing offerings for employees.** As part of the University's strategic plan, *FGCU's Journey to Excellence – Strategic Plan 2024 – 2029*, (the "Strategic Plan"), recruiting outstanding faculty is a core priority to advance academic excellence and institutional innovation. For more than five years, the University evaluated best practices to address the housing challenges faced by new faculty and staff members, while the cost of living in the surrounding housing market continued to rise. In that same period, FGCU hired more than 950 new employees, while local housing costs increased by over 25%, making it increasingly difficult for these new employees to find affordable housing near campus. Survey data suggests that more than 60% of FGCU's workforce would consider University-sponsored housing, particularly early-career employees who are disproportionately impacted by high rental prices. Expanding the housing workforce would provide a long-term solution to support employee stability, strengthen recruitment efforts, and improve retention by reducing financial strain on FGCU personnel.
- ◆ **The rising cost of living in Southwest Florida has created a tighter and more challenging housing market, making relocation increasingly difficult for new FGCU employees.** Faculty discussions highlight that securing affordable housing near campus is becoming increasingly difficult. Survey data suggests that the primary market conditions surrounding FGCU create a tension between convenience and cost, often pushing faculty and staff to live farther from campus in search of affordable housing. Survey respondents indicated that their average one-way commute time to campus is 30 minutes, with over 20% of respondents reporting to traveling at least 40 minutes one way. Employees are searching for attainable housing farther from campus as the highest rent most first-year FGCU employees can afford is approximately \$1,500 per month, while the average monthly rent in the area is \$2,063, excluding additional housing costs like utilities or insurance.

Stakeholders shared that the process of relocating to Fort Myers is complicated by misleading online listings that make certain areas appear more affordable and convenient than they are. Once moving costs, hidden fees, and rent increases after the first year are factored in, securing stable housing becomes even more difficult for new employees. This has resulted in many faculty and staff positions going unfilled, as the offered salary rates often do not justify the cost of relocation. With faculty and staff levels consistently fluctuating 18–21% below full staffing, attracting and retaining high-quality employees is becoming increasingly challenging.

Over time, these challenges risk impacting student experiences, departmental operations, and the University's broader strategic goals. Addressing housing affordability is therefore essential not only for staffing stability but also for maintaining the overall quality and effectiveness of FGCU's programs and services.

- ◆ **The continued increase in the cost of living in the Fort Myers area also impacts current Florida Gulf Coast University employees, especially those with 5 years or less tenure at the University; this population typically does not experience significant salary increases and relies primarily on annual salary adjustments for inflation and market competitiveness.** According to FGCU's Pay Administration Guidelines⁴, the University follows a market-based compensation program that aims to balance external competitiveness with internal equity. Employees can expect their salaries to be managed within assigned pay grades, with progression typically based on accumulated skills, experience, and job performance. However, early-career employees face significant financial constraints, as starting salaries are relatively low, and annual increases, typically between 0% and 5%, are both modest and unpredictable. Since promotions, which offer more substantial salary increases, are uncommon within the first five years of employment, many employees experience prolonged financial stagnation. While the University periodically reviews its compensation structure on a three- to five-year cycle to align with market trends, actual salary adjustments remain uncertain and subject to budgetary limitations, making consistent wage growth difficult for early-career employees. With the surrounding housing rental market costs increasing 28% since 2020, rental rate increases have far outpaced salary adjustments and significantly impacted many FGCU employees' ability to afford and create stable housing situations. In fact, with the median annual rental rate of the Fort Myers submarket surrounding campus, totaling \$24,756 currently, many FGCU employees with under five years of tenure would need to spend over 30% of their gross income on housing. Given these challenges, subsidized housing should be considered a necessary support mechanism to ensure that FGCU retains early-career employees by improving their ability to afford the local housing market.

	Projected Salary Growth at FGCU (Example Scenario with 2% Annual Increase)			Annual Median Rent as a Percentage of FGCU Average Salaries			Area Market Monthly Rent
	Faculty	Professional Staff	Support Staff	Faculty	Professional Staff	Support Staff	
Employee Year 1 Starting Salary (2025: Current)	\$72,000	\$53,000	\$41,080	34.4%	46.7%	60.3%	\$2,063 (2025: Current)
Example Year 2 Salary (2% Annual Salary Increase)	\$73,440	\$54,060	\$41,902	34.6%	47.1%	60.7%	\$2,120 (2026 Projected)
Example Year 3 Salary (2% Annual Salary Increase)	\$74,909	\$55,141	\$42,740	35.0%	47.6%	61.3%	\$2,185 (2027 Projected)
Example Year 4 Salary (2% Annual Salary Increase)	\$76,407	\$56,244	\$43,594	35.4%	48.1%	62.1%	\$2,256 (2028 Projected)
Example Year 5 Salary (2% Annual Salary Increase)	\$77,935	\$57,369	\$44,466	35.7%	48.5%	62.6%	\$2,321 (2029 Projected)

Figure 3: FGCU Employee Median Salaries and Housing Affordability. This chart illustrates a projected scenario in which FGCU employees receive an annual 2% salary increase, comparing salary growth to anticipated area rental costs. The data was provided by FGCU and sourced from The CoStar Group.

⁴ "2023 Pay Administration Guidelines," Florida Gulf Coast University, <https://www.fgcu.edu/hr/compandclass/compensationadministration> (Accessed March 2025).

- ◆ **Significant demand exists for FGCU-sponsored workforce housing among faculty and staff who have been employed at the university for five years or less. This demand is expected to grow as housing affordability in the local market continues to decline.** Current estimates indicate a need for approximately 175 to 265 housing units for employees in their first five years of employment, with the highest demand among administrative and professional employees (90 to 110 units), followed by faculty (75 to 105 units) and support staff (15 to 50 units).

The primary drivers of this demand are recently hired FGCU employees who are most affected by the area's high cost of living. Specifically, most of these employees are staff members within compensation grades 11 to 18, as well as new faculty members hired as Professors, Associate Professors, Assistant Professors, and Instructors. Based on current FGCU employee trends, the median starting salary for these groups is \$50,000, meaning that, most employees in these categories should aim to spend no more than \$1,250 per month on housing to avoid being cost-burdened. This is based on widely accepted financial guidelines, which recommend keeping housing costs at or below 30% of an individual's gross income.

	Faculty	Administrative & Professional	Support Staff
Median Starting Salary	\$72,000	\$53,000	\$41,080

Figure 4: FGCU Hiring Data on Annualized Base Pay for some Faculty (Professors, Associate Professors, Instructors, Teachers, and Assistants), Administrative & Professional Staff and Support Staff from Compensation Grades 11 – 18.

Despite the development of new housing in the local South Lee County submarket, the area remains one of the most expensive housing markets in the Fort Myers area, thus making housing near campus unattainable for new faculty and staff members. With Southwest Florida experiencing rapid population growth and a widening affordability gap, FGCU must act to ensure its employees have access to stable and reasonably priced housing. Doing so will not only help the University attract and retain top talent but also strengthen its long-term ability to compete in an increasingly competitive labor market.

CONCLUSION AND RECOMMENDATIONS

In response to the identified housing demand from faculty and staff members, coupled with the expensive nature of the local housing market, Florida Gulf Coast University should move forward with the proposed Project to meet demand from its personnel. FGCU is at a pivotal moment in addressing the growing challenge of housing affordability for its faculty and staff. As Southwest Florida experiences rapid population growth and rising housing costs, the lack of accessible and reasonably priced housing near campus is becoming a significant barrier to recruiting and retaining the high-caliber faculty needed to achieve the University's strategic goals.

Based on demand projections, a phased approach to the implementation of the Project is prudent to ensure occupancy goals are met in the years immediately following Phase 1's opening. As the Project is developed, the University must create a framework for the creation of residency policies including parameters for a target market population and opportunities to expand the housing beyond the first phase. By moving forward with a well-planned and strategically phased workforce housing initiative, FGCU has an opportunity to not only meet the immediate housing needs of its employees but also enhance the overall strength and stability of its workforce going forward. An overview of the recommended considerations is provided below in the form of recommendations as the University implements the Project.

- ◆ **The University should advance the first phase of the proposed workforce housing development to immediately meet the identified need while also pausing the potential future expansion until after the Project stabilizes and demand is reconfirmed.** As illustrated in this Report, there is a significant need for FGCU to provide faculty and staff housing for its employees, and the University's plan to deliver 74 units in the first phase is a critical first step in addressing this growing need. The subsequent phase(s), which is anticipated to increase the total number of units to 194 in a full build out, will provide a more robust housing solution for FGCU's faculty and staff members. However, based on the potential uncertainty of the target demographic composition in future years, the University is advised to complete Phase 1 and ensure full occupancy with a demonstrated waitlist or an updated demand assessment before proceeding with the remaining phases of the development. Similar to when first adding student housing to a higher education institution's campus, the Project's initial development will provide the University with the ability to not only meet demand but also provide the University with the opportunity to update and adjust the remaining phases to align with any shifts in the target market population. By leveraging the FGCU BOT land, the University has a unique opportunity to help influence the housing market for its employees and provide a solution for rental housing shortages within the surrounding housing market.
- ◆ **With the development plan in place, the University should create a framework for a selection system for offering the Project to employees, including extending eligibility for the Project to faculty and staff members who have been employed for five years or less until the Project's occupancy stabilizes.** Based on preliminary guidance from the University, the initial approach for the Project is to provide housing for newly hired faculty and professional staff to ease the cost of relocation, specifically targeting non-homeowners. While this remains a possibility, B&D's demand projections indicate sufficient interest among faculty and staff who have been employed for five years or less, with particular emphasis on those in their first

year as they relocate to South Lee County. As demonstrated in the Key Findings of this Report, this group faces the most immediate financial strain, as they experience the burden of securing housing while simultaneously navigating the transition to a new job and community and limited opportunities to increase salaries. While this group provides a primary target market for the Project, FGCU should offer units of the Project those who have been employed five years or less to establish occupancy reliability and reduce risk. Upon the Project achieving occupancy stabilization, the University should primarily focus on newly hired employees while instituting a priority-based selection process, similar to undergraduate housing prioritization processes.

- ◆ **Offering temporary, transitional housing will ease the relocation process of newly hired faculty and staff members, however the volatility of that population can create issues for the financial planning of the Project, so maintaining a consistent population year over year will help limit uncertainty.** As Phase 1 addresses the immediate need for faculty and staff housing, FGCU should establish residency parameters to ensure long-term stability. These parameters may include: 1) identifying and prioritizing specific target populations (e.g., tenure-track vs. non-tenure faculty, professional vs. support staff), 2) outlining salary requirements for eligibility, and 3) setting residency duration limits. Survey responses indicated that offering housing for at least two years would help new hires adjust and secure longer-term options. It is essential to implement standardized residency guidelines by Phase 1's opening to ensure the University must balance providing housing for new employees with ensuring reliable financial performance.

Detailed Findings

STRATEGIC VISION

Adopted in early 2024, Florida Gulf Coast University's Strategic Plan outlines a blueprint for the University's next five years as it strives to enhance its ability to engage the local Southwest Florida region through academic programs, regional partnerships, and campus expansion. Built on a foundation of the University's mission, vision, and founding principles, the Strategic Plan identifies five key goals with underlying objectives and key performance indicators to track FGCU's progress toward achieving the goals. Those goals include the following:

- ◆ Innovate in Academic Excellence;
- ◆ Enhance Student Success and Well-Being;
- ◆ Elevate Partnerships for Regional Impact;
- ◆ Strengthen Organizational Culture and Commitment to Employees; and,
- ◆ Champion Sustainable Practices and Resiliency.

While much of the Strategic Plan is centered on the student experience and preparing students for excellence both in the classroom and after they graduate, the University made a concerted effort to highlight the need to focus on its faculty and staff members. As part of the University's focus on strengthening its commitment to employees, the Strategic Plan outlines the importance of FGCU becoming an "employer of choice" and achieving "excellence in talent retention and recruitment" of its employees⁵. To achieve this, FGCU must create an environment where faculty and staff members have the resources and stability to want to relocate to the Fort Myers region and ultimately stay at the University. However, the rising costs of housing and the limited multi-family housing options within the local market are creating a situation where newly-hired faculty and staff members are having a difficult time finding affordable options within a close distance to campus. Without access to affordable and conveniently located housing, FGCU's workforce faces longer commute times and increased financial burdens, making it more difficult for the University to retain the highly qualified professionals essential to sustaining academic excellence.

The University's focus on recruiting and retaining highly regarded faculty and staff members will also align with other objectives of the Strategic Plan, including the ability to advance FGCU's academic improvement goals. Fostering an environment of excellence among faculty members will translate directly to student performance as well as creating active learning opportunities that can continue to impact the University's economic impact of the Southwest Florida region. By addressing housing challenges, FGCU will not only enhance faculty recruitment and retention but also cultivate a more collaborative, high-performing faculty that aligns with FGCU's commitment to academic excellence.

⁵ "Strengthen Organizational Culture and Commitment to Employees", *FGCU's Journey to Excellence – Strategic Plan 2024 – 2029*, https://www.fgcu.edu/stratplan24/files/strategic_plan_1_24_24.pdf (Accessed January 2025)

MARKET OPPORTUNITY ASSESSMENT

FACULTY AND STAFF DEMOGRAPHIC CONTEXT

Over the last 30 years, FGCU experienced substantial growth, driving an increasing need for faculty and staff. In the past five years alone, the University hired 971 new employees—an average of 193 annually—to support its expanding operations. More recently, the University increased the total number of available positions, bringing the total potential workforce to 1,998 in 2025, a 10% increase since 2023. However, as of February 2025, only 1,664 of the 1,998 positions have been filled. The University's vacant roles since 2023 fluctuated between 19% to 22% of the total positions available. This challenge is not a lack of interest in FGCU, but rather the difficulty of attracting employees who struggle to find housing that aligns with their salaries, based on conversations with FGCU stakeholders. Without solutions to address this issue, prolonged staffing shortages will continue to impact the University's ability to support its students, faculty, and long-term institutional growth. **Figure 5** illustrates the trend of FGCU's increased workforce capacity and ability to fill those roles since 2023.

FGCU's Increased Workforce Capacity and Open Positions				
Year	Active Employees	Vacant Roles	Total	Vacancy Rate
2023	1,539	285	1,824	18.5%
2024	1,579	344	1,923	21.8%
2025	1,664	334	1,998	20.3%

Figure 5: Trends in FGCU's Workforce Growth, Filled Positions, and Vacant Roles (Last 3 Years). All data provided by FGCU.

The University anticipates that its need for more faculty and staff members will increase over the next several years. As FGCU approaches its 30-year anniversary, many long-serving, tenured faculty who have dedicated their careers to the University are beginning to retire, creating an urgent need for replacement hires. In fact, due to the influx of new hires over the past five years, coupled with recent transitions of employees away from FGCU, nearly 50% of the University's workforce has been employed at FGCU for five years or less, including 34% of full-time faculty and 53% of full-time professional staff. With such a large population being employed five years or less, there is a significant number of individuals that have had to relocate and/or adjust their commuting patterns within the last five years. These populations also tend to be primarily focused on finding affordable rental housing as they get settled into a long-term career situation. In fact, in the workforce housing survey, 46% of faculty members and 42% of professional staff members who have been employed at FGCU for five years or less indicated that the availability of convenient and affordable housing would "definitely influence" their decision to continue their employment at FGCU. As these populations begin to decide on their long-term career outlook with FGCU, they are facing significant difficulty finding housing options that help convince them to remain at FGCU.

IMPACT OF LOCAL HOUSING MARKET ON FGCU EMPLOYEES

Affordability is a key factor in employees' housing decision-making, especially given salary limitations in the early years of employment at FGCU. Salary increases within an employee's first five years are primarily determined by the University's financial capacity and market conditions, with annual adjustments ranging between 0% and 5%—often insufficient to keep pace with rising housing costs, which have increased by 28% since 2020. For professional staff, starting salaries average just over \$53,000 per year, with only modest annual increases tied to market adjustments and institutional budgets. Support staff salaries are typically lower, averaging around

\$40,000, with similarly small year-over-year adjustments. More substantial salary growth generally occurs through promotions, which are uncommon within the first five years and require tenure and increased responsibilities.

For faculty, salaries are generally higher, with an average starting salary of \$79,000, but salary growth remains limited in the early years. As with staff positions, significant increases typically only occur through promotions, which depend on higher-level positions becoming available. **Figure 6** illustrates the difference in average starting salaries at FGCU compared to the local rental housing market, highlighting the affordability gap that many employees face when they begin employment at FGCU.

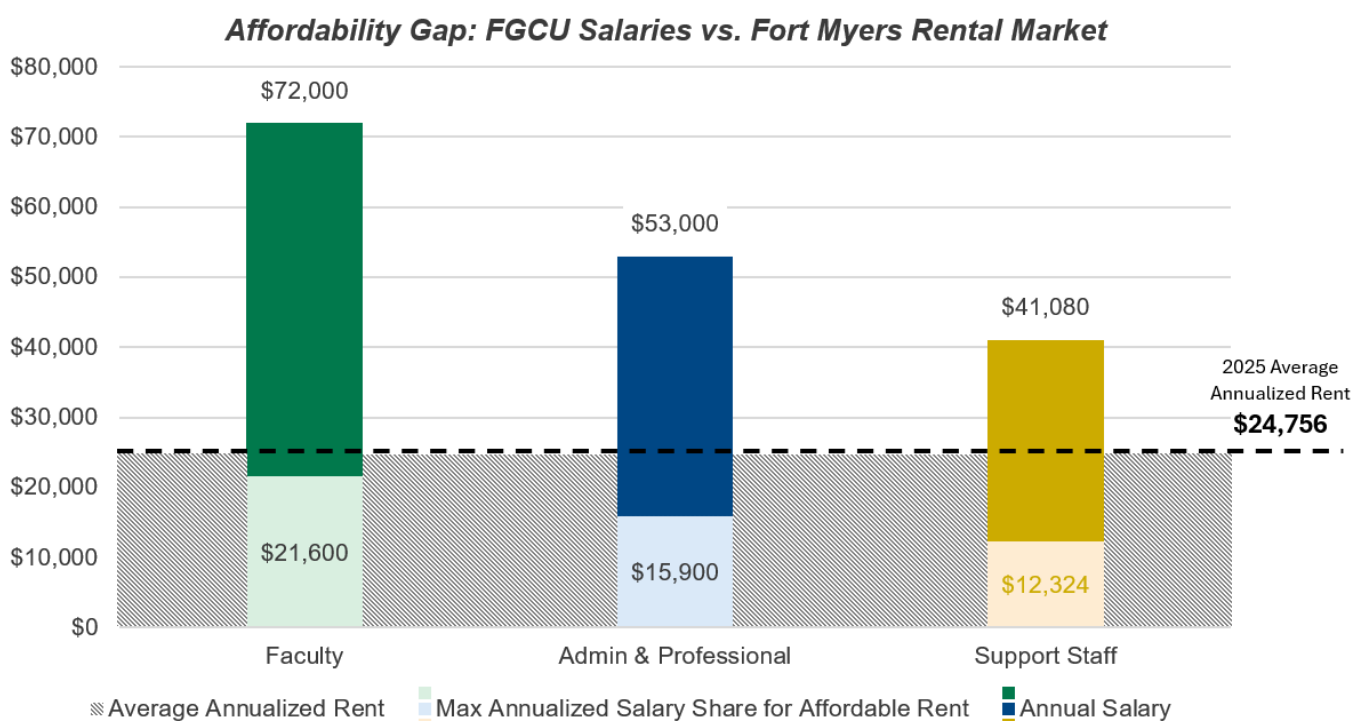


Figure 6: FGCU's average starting salaries for faculty and staff, illustrating the 30% affordability guideline for housing costs in comparison to current local housing market rates. All data provided by FGCU.

Given these constraints, employees in their first five years often face financial strain, as salary increases remain uncertain and largely dependent on FGCU's financial position. Without a predictable salary trajectory, many early-career employees struggle to find housing that aligns with their income, making subsidized housing a necessary support mechanism to improve retention and recruitment efforts at the University.

Further compounding the housing affordability issue, many FGCU employees must navigate these housing challenges as the sole income source for their household. Based on survey responses, approximately half of faculty and professional staff members employed for five years or less at FGCU are the sole income source for their household. In fact, 39% of faculty and 41% of professional staff indicated they are the only income source for their household as they are single without a partner, while an additional 22% of faculty and 7% of professional staff reported they are the sole income source for their household while living with a partner or significant other. Support staff members are less likely to be the sole income source for their household as only 42% of support staff indicated they are the sole income source, regardless of relationship status. Using the generally accepted

best practice of not exceeding 30% of a household's income, those who are sole income sources are facing issues maintaining affordable housing costs.

Due to limited affordable options near campus, many FGCU employees are living in surrounding communities that are farther from the University. While areas near campus remain desirable, high rental rates combined with limited availability often place these locations out of reach for faculty, particularly for early-career hires. Estero is the closest major residential area to FGCU, yet only 11% of employees with less than five years of tenure currently live there, highlighting a gap in proximity and affordability. A breakdown of housing locations by employee tenure reinforces these trends; even among employees in their first year, most faculty and staff members live outside the immediate proximity of campus. Newer employees are more likely to live in more distant areas like Cape Coral, Lehigh Acres, and Punta Gorda, all of which involve commutes well over 30 minutes. Apart from Estero, the most common cities for newer employees involve an average morning commute time of 43 to 48 minutes, resulting in employees spending nearly two hours a day traveling to and from work. Employees early in their FGCU careers are either facing long commutes or paying premium rents to live closer to campus, often beyond what is considered affordable. This reflects a growing disconnect between where the faculty and staff want to live and what they can reasonably afford, particularly in the early years of employment.

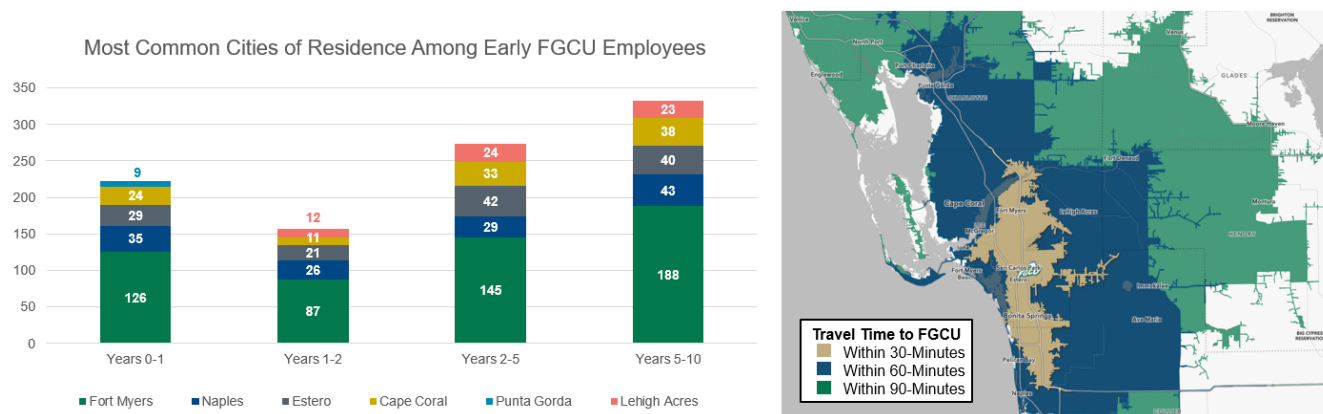


Figure 7: Most Common Areas of Residence of FGCU Employees from 0-10 Years of Tenure with the University. Data provided by FGCU and travel time analysis conducted using ArcGIS.

Housing needs also extend beyond individual employees, as many new hires would be relocating to the area with their families. The average age of first-year employees during the 2024-2025 academic year is 40 years old, decreasing slightly to an average of 39 in the second year, and rising to 43 for those with two to five years of tenure. This suggests that new hires are not typically recent graduates, but rather professionals who may already have families or established housing preferences. Based on information provided by FGCU, among first-year faculty and staff, 39% are married or partnered, while 48% of those employed at FGCU for two to five years are married or partnered. This suggests that a considerable number of new hires have and probably will require housing that not only accommodates them as individuals, but their families as well. Providing affordable, convenient housing will not only improve the recruitment of new employees but also help with the retention of existing employees.

LOCAL DEMOGRAPHIC AND HOUSING MARKET OVERVIEW

The housing market in South Lee County is unable to meet the needs of Florida Gulf Coast University's newest employees, posing a significant barrier to both employee recruitment and retention. This affordability gap not only strains current workers but also hinders the University's ability to attract new talent, as potential employees are faced with the same prohibitive costs and limited affordable options. Although recent construction efforts have led to the delivery of over 800 new units in the submarket, this new supply has not alleviated the need for attainable housing, as the majority of the new inventory targets the luxury market.

The South Lee County submarket remains one of the most expensive regions in Fort Myers, and the influx of higher-end properties has exacerbated the problem, further limiting affordable options for FGCU faculty and staff members. While rental rates for luxury 4- and 5-star units have slightly decreased over the past year due to increased supply, the discounted rates remain unaffordable for much of FGCU's workforce, including those who are the sole income source for their household. Meanwhile, the supply of more moderately priced rental housing units remained stagnant over the last year, increasing the pressure on overall housing affordability across the market.

Beginning in 2020, housing rental rates in the South Lee County submarket spiked over the course of three years before slightly resetting in 2023 and 2024 while returning to a stabilized annual increase. While these resets provided temporary relief, projections indicate a continual rental rate increase over the next six years. These projected increases indicate that rental rates in the submarket will outpace the pre-pandemic trends when the submarket experienced more nominal sustained increases. Rental rates in South Lee County remain significantly higher than in Fort Myers overall, with this gap widening in recent years, reinforcing the premium placed on housing in the market surrounding FGCU's campus.

Despite projections of roughly 3,100 new units being delivered in the coming years, rates are projected to remain on an increasing trajectory through the end of the decade. **Figure 8** illustrates the historic and projected rental rate increases in the region alongside inventory growth, including the impact of pipeline projects in the coming years.

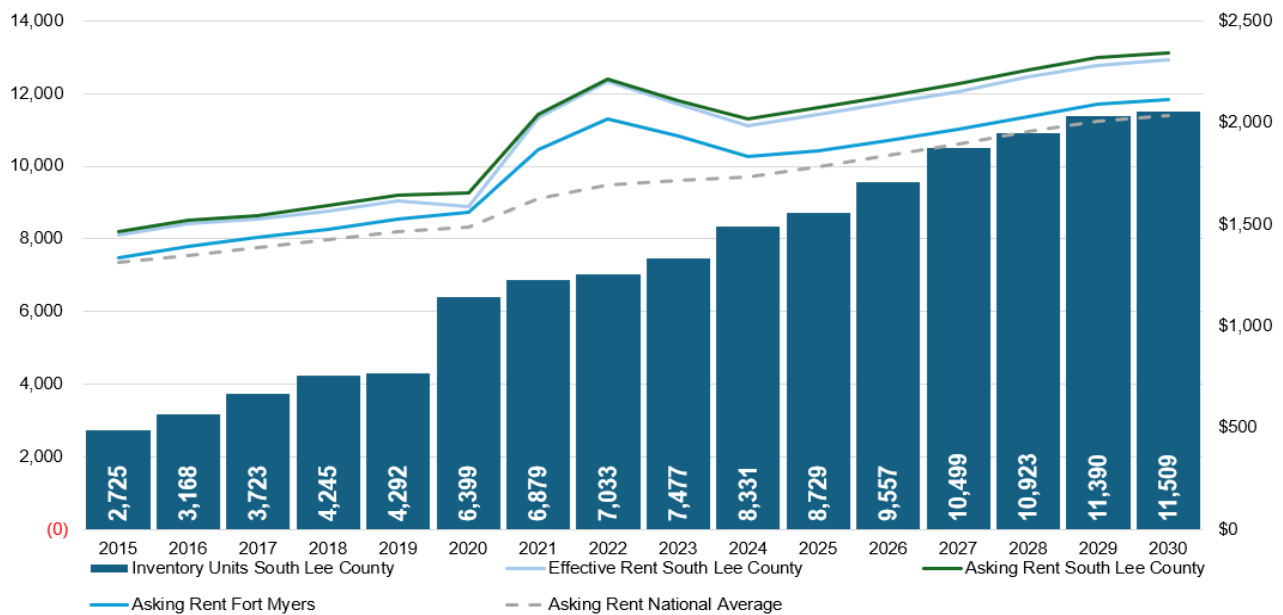


Figure 8: Historic and Projected Rental Rate and Rental Unit Supply Trends within the South Lee County Submarket Compared to Rental Rate Trends in the Broader Fort Myers Market and National Averages. Data sourced from the CoStar Group.

Although the housing pipeline is expected to introduce additional units to the market, the majority of these projects consist of high-end, luxury developments that are unlikely to significantly impact on rental pricing or address the housing needs of FGCU’s early-career workforce. The market continues to underdeliver moderately priced rental options, compounding the long-standing affordability challenges in South Lee County. In this context, the University’s ability to deliver dedicated workforce housing at attainable price points presents a strategic opportunity to address a critical market gap while enhancing FGCU’s competitive position in recruiting and retaining talented faculty and staff.

While the housing supply in the South Lee County submarket continues to increase, the region’s rapid population growth has generated sustained demand that consistently outpaces the delivery of new residential units. Since 2015, Lee County has experienced population growth exceeding 20%, significantly outpacing the national average of 5.3%. Notably, growth since 2020 alone has reached 10%. Following the post-pandemic recovery in 2021 and 2022, the Cape Coral–Fort Myers metropolitan area was identified as the fourth fastest-growing metro area in the United States. According to data from the U.S. Census Bureau, approximately 30% of current Lee County residents who own or rent relocated to the area in 2021 or later, highlighting a substantial influx of new residents. As a result, rental rates have continued to rise, with housing supply persistently trailing population growth. **Figure 9**, below, compares Lee County’s population growth to national trends since 2016 and illustrates the demographic pressures contributing to continued housing demand in the region.

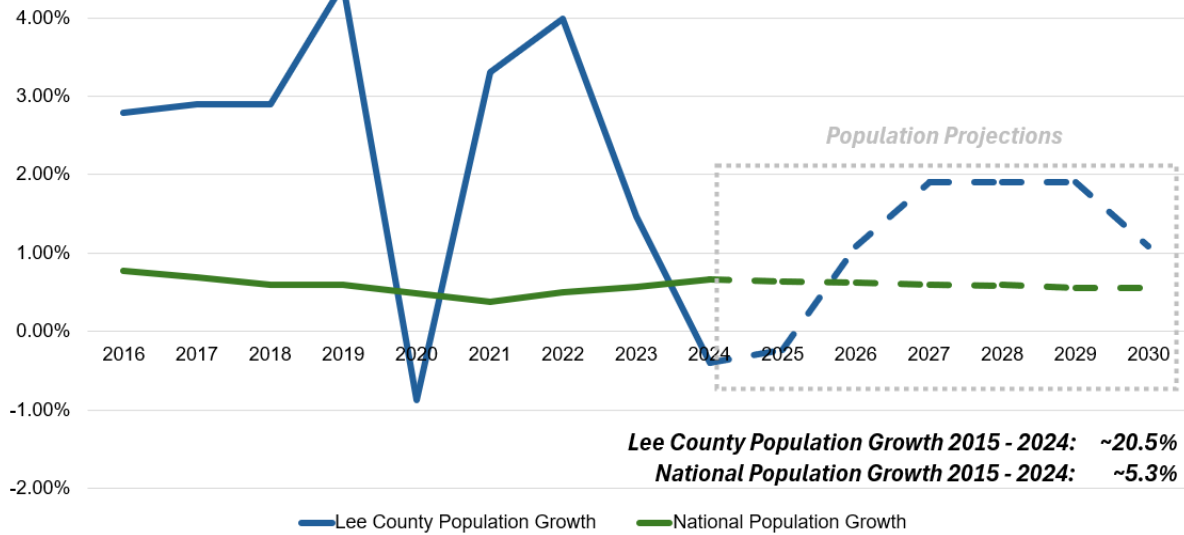


Figure 9: South Lee County Population Growth Compared to National Population Growth. All data provided by the U.S. Census Bureau and population projections from the Congressional Budget Office and the University of Virginia Weldon Cooper Center for Public Service.

The persistent housing affordability crisis in South Lee County is not only a financial burden for employees but also a growing obstacle for employers like FGCU, which relies on an accessible housing market to recruit and retain talent. With a significant portion of the workforce struggling to find housing they can afford, the University faces increased difficulty in filling essential roles, particularly for early-career professionals. As the construction pipeline for attainable rental housing slows, the gap between housing costs and income levels will continue to widen, further exacerbating the crisis.

DEMAND PROJECTIONS

DEMAND ANALYSIS FINDINGS

B&D utilized its proprietary demand-based programming tool (“DBP”) to quantify the University’s current demand for workforce housing. Demand projections are based on survey responses from FGCU’s existing faculty and staff, current as of January 2025. Since the Project is intended to serve new employees at FGCU, survey questions and the subsequent analysis focuses on faculty and staff within their first five years of employment. This approach provides as statistically significant proxy for future hires, capturing the housing preferences of most likely to relocate to South Lee County or the surrounding area in years to come. In the survey, respondents were able to select their preferences for renting various unit-types of the Project at rental rates that would be offered below current market rates, based on the University’s approach to providing attainable housing for its workforce. Demand projections were filtered according to specific criteria related to tenure at FGCU, classification of employment, and current living arrangements, which ensured that they represent a population to have a high probability of living at the Project (“Target Market”).

Due to the potential volatility associated with this market, B&D applied multiple filters on stated interest in living in the Project to develop a low and high target for demand projections. Based on FGCU’s existing workforce population and survey respondents, B&D’s demand analysis projects that the University could fill between 176 and 265 rental units, when offering the Project to all faculty and staff members who have been employed five years or less at FGCU. These projections include demand from faculty, professional staff, and support staff, and **Figure 10**, below, provides the demand from each population for the various unit-types proposed in the Project.

Demand from Employees with 5 Years or Less at FGCU	Faculty		Professional Staff		Support Staff		Total Demand	
	Low	High	Low	High	Low	High	Low	High
Cottage - 1-Bed / 1-Bath	6	14	5	17	7	15	18	46
Cottage - 1-Bed / 1.5-Bath	3	6	5	13	4	7	12	26
Cottage - 2-Bed / 2-Bath	19	25	2	10	29	44	50	79
Cottage - 2-Bed / 2.5-Bath	12	16	2	7	22	22	36	45
Townhouse - 3-Bed / 2-Bath	20	20	0	3	12	12	32	35
Townhouse - 3-Bed / 2.5-Bath	18	24	0	0	10	10	28	34
Totals:	78	105	14	50	84	110	176	265

Figure 10: Total Demand from the Target Market of FGCU’s Workforce Population (5 Years or Less Tenure at FGCU).

Significant demand exists among all FGCU workforce members who have been employed with the University for less than five years. Specifically, faculty and support staff members are projected to be the primary drivers of demand, with both populations’ “low” demand projected to be sufficient to fill the Project. While the University has not determined a final approach to residency requirements, B&D projected demand for employees who have worked at FGCU for up to five years to create a broader population to calculate demand. As the University implements the Project and begins lease up, FGCU should consider extending residency eligibility to help achieve initial occupancy goals. Once the Project’s occupancy stabilizes and becomes predictable, the University can then consider adjusting its residency guidelines and target newly hired employees.

In order to understand what the stabilized scenario would look like, B&D assessed demand among employees within their first year of employment at FGCU, and **Figure 11**, below, provides the detail of that demand analysis. Demand projections indicate that FGCU could capture between 19% and 27% of first-year faculty members, between 10% and 14% first-year professional staff members, and between 16% and 22% of first-year support staff. While this population alone would not adequately fill the Project, it is projected to provide the University with supplemental demand as existing residents transition out of the rental housing.

Demand from Employees with 1 Year or Less at FGCU	Faculty		Professional Staff		Support Staff		Total Demand	
	Low	High	Low	High	Low	High	Low	High
Cottage - 1-Bed / 1-Bath	0	2	0	10	5	5	5	17
Cottage - 1-Bed / 1.5-Bath	0	0	0	3	2	2	2	5
Cottage - 2-Bed / 2-Bath	7	6	0	3	12	12	19	21
Cottage - 2-Bed / 2.5-Bath	0	4	0	0	7	7	7	11
Townhouse - 3-Bed / 2-Bath	4	4	0	3	0	0	4	7
Townhouse - 3-Bed / 2.5-Bath	2	2	0	0	0	0	2	2
Totals:	13	18	0	19	26	26	39	63

Figure 11: Demand Projections for Workforce Populations Employed at FGCU for 1 Year or Less.

DEMAND RECONCILIATION BY PROJECT UNIT-TYPES

Applying employees' preferences to the proposed program for Phase 1 indicates that the projected demand will meet the supply of each unit-type included in Phase 1. The significant interest in the larger units, including the 3-bedroom townhomes, illustrates the Target Market's needs for larger units, presumably to accommodate larger households. According to survey respondents, the Target Market's weighted average of household size is 2 people, with almost 33% of the population reporting their household size to be 3 or more people. This composition of households helps explain the lower levels of interest in the one-bedroom units. However, demand projections indicate that interest for these units should exist. **Figure 12**, below, provides the details of the demand reconciliation to the proposed program of Phase 1.

Demand from Employees with 5 Years or Less at FGCU	Total Demand		Phase 1 Unit Totals	Unmet Demand	
	Low	High		Low	High
Cottage - 1-Bed / 1-Bath	18	46	4	14	42
Cottage - 1-Bed / 1.5-Bath	12	26	14	-2	12
Cottage - 2-Bed / 2-Bath	50	79	2	48	77
Cottage - 2-Bed / 2.5-Bath	36	45	36	0	9
Townhouse - 3-Bed / 2-Bath	32	35	14	18	21
Townhouse - 3-Bed / 2.5-Bath	28	34	4	24	30
Totals:	176	265	74	102	191

Figure 12: Reconciliation of Projected Demand with FGCU's Proposed Unit-Types for Phase 1.

DEMAND ANALYSIS METHODOLOGY

Survey Response

To better understand and measure current needs for workforce housing, B&D developed demand projections derived from responses to the December 2024 – January 2025 Workforce Housing Survey and related analyses. The survey achieved a statistically significant response rate, with a 45% response rate (708 responses) across FGCU's entire employee population (1,658 employees). Responses were distributed across employment categories: Faculty (235 responses, 41% response rate), Support Staff (126 responses, 31% response rate), and Administrative & Professional Staff (347 responses, 50% response rate). Notably, 38% of respondents had joined FGCU within the past three years, and approximately 50% were within their first five years at the university.

Target Market Group

Demand projections are limited to a target market group of faculty and staff members that are most inclined and able to pursue living in the Project. The target market group is determined by filtering the survey responses by certain demographic characteristics, which are outlined below. Responses from individuals outside the target market group were excluded from B&D's demand projections. A key factor in the analysis was the threshold of current rental rates paid by employees. This additional layer helped assess the feasibility of whether survey respondents interested in living in the Project could realistically afford to do so. Current rental rates paid by survey respondents also established the "low" and "high" demand projections. For this Analysis, B&D used the threshold of \$1,500 (high demand) and \$2,000 (low demand) in personal rent. These thresholds represented the estimated affordable rent for the Target Market based on salaries at the start of their FGCU careers (\$1,500) and the average rental rate within the South Lee County submarket (\$2,000), respectively. The characteristics used to filter the Target Market group are listed in **Figure 13**, below.

Primary Market	
"Low" Demand Projections	"High" Demand Projections
Employed Full-Time at FGCU	Employed Full-Time at FGCU
Employed at FGCU 5 Years or Less	Employed at FGCU 5 Years or Less
Currently Renting Housing / Does Not Own Housing	Currently Renting Housing / Does Not Own Housing
Personally Paying \$2,000 a Month in Rent	Personally Paying \$1,500 a Month in Rent

Figure 13: Target Market Composition for B&D's Demand Projections.

Tested Units and Rates

In order to gauge interest in living at the Project, the survey presented respondents with the proposed program for Phase 1 and associated monthly rental rates. Participants were asked to assume that the listed rental rates reflected a discounted price compared to current market rates. While the specific rental rates for the Project were not confirmed at the time of the survey, FGCU's planned to offer rental rates that were between 15% and 20% below market rates. As a result, the survey provided context by presenting current market rates and instructing

respondents to assume an approximate 20% reduction for each rental rate. All rental rates in the survey were shown in 2024 dollars. **Figure 14**, below, details the unit-types and rental rates that were shown in the survey.

Unit-Types	Current Price / Month (2024 dollars)	Discounted Rent (2024 dollars)
A. 1-Bed / 1-Bath Cottage Unit	\$2,050	Approx. \$1,640 / Month
B. 1-Bed / 1.5-Bath Cottage Unit	\$2,150	Approx. \$1,720 / Month
C. 2-Bed / 2-Bath Cottage Unit	\$2,500	Approx. \$2,000 / Month
D. 2-Bed / 2.5-Bath Cottage Unit	\$2,600	Approx. \$2,080 / Month
E. 3-Bed / 2-Bath / 1-Car Garage Townhome Unit	\$3,150	Approx. \$2,520 / Month
F. 3-Bed / 2.5-Bath / 2-Car Garage Townhome Unit	\$3,200	Approx. \$2,560 / Month

Figure 14: Unit-Types and Rental Rates Tested in Workforce Housing Survey.

Since the survey was conducted, FGCU updated the projected rental rates for the proposed units, adjusting them to be approximately 15.7% below market rates, a slight increase from the originally estimated 20% discount. While this brings rates 4.3% closer to market pricing, survey results still indicate sufficient demand to support the development. Respondents showed strong interest in the original rates, and this modest adjustment is not expected to significantly impact overall interest or leasing potential.

UNIVERSITY-PROVIDED WORKFORCE HOUSING EXAMPLES

The University is not alone in facing workforce housing challenges – many other institutions across the nation are dealing with rising housing costs, limited affordable inventory, and growing pressure on recruitment and retention. Like FGCU, institutions such as Rollins College in Winter Park, Florida, University of Hawai'i in Manoa, Hawai'i, and Stanford University in Stanford, California all operate in areas in which affordable housing for faculty and staff has become increasingly scarce. Each of these institutions is situated in a city experiencing the strain of an inflation-prone real estate market, prompting them to explore solutions to combat these rising costs in order to retain and recruit their workforce. They have all, in their own way, proactively addressed the workforce housing crisis through university-owned housing developments.

ROLLINS COLLEGE

Winter Park, Florida, home to Rollins College, is an Orlando suburb that has seen a rise in home prices and rental rates due to its aesthetic appeal, proximity to the city, and strong tourism economy. With a median monthly rental rate of \$2,100, Winter Park has limited availability for attainable housing, making the recruitment and retention of employees at Rollins a challenge. It is also a smaller and more compact community than Fort Myers, with limited room for new development near the campus, further challenging the supply for faculty and staff. To combat the problem, Rollins developed a workforce housing townhome community less than a mile off campus and is currently exploring additional workforce housing in the near future.

In response to the affordability crisis, Rollins developed the Orchid and Mead Garden Townhome Community, located just one mile from campus. This development consists of eleven two-story townhomes with three-bedroom layouts. Recognizing the need to foster long-term stability for their staff, the program limits tenancy to three years. Rollins' program encourages faculty and staff to transition into private rentals or homeownership at the conclusion of the program. Short-term leases are, however, not an option, and rentals are restricted to 12-month terms, which guarantees a dependable, year-round housing option for employees but limits flexibility for incoming staff potentially interested in the housing.

UNIVERSITY OF HAWAI'I AT MANOA

With home prices well above the national average and a median monthly rental rate of \$2,271 in Manoa, a suburb of Honolulu, many employees at the University of Hawai'i at Manoa struggle to find housing within a reasonable distance of campus. While faculty salaries are relatively high, with an assistant professor earning an average of \$110,000 per year, the cost of living still outpaces wages for many employees. To mitigate the issue, the University implemented a faculty housing program that prioritizes newly recruited faculty and offers short-term rentals for up to the first three years of employment at the University. Housing options range from studio apartments to three-bedroom condos with yards, and prices range from \$1,200 a month to \$2,400 a month, which remain more affordable than the typical market, given the unit type. All units are located within a walk or short drive of campus, reducing commute times and making this an attractive selling point for new faculty members looking to relocate to the university.

STANFORD UNIVERSITY

Stanford University operates in one of the most expensive housing markets in the United States. The median home price is over \$2,000,000 and the median monthly rental rates reached \$3,695, presenting significant challenges for Stanford's faculty and staff members. While the salaries for an assistant professorship are competitive, averaging \$150,000 annually, many employees still struggle to find housing with the inflated prices in the market. The University invested heavily in its workforce housing solutions, offering a variety of rental and for-sale housing options. Stanford offers over 2,100 rental units across seven University-owned rental communities at reduced rates to faculty and staff, each with different amenities and configurations to meet the needs of their staff in various stages of their career. To ensure fair access to the different housing options, Stanford uses a priority ranking system that evaluates employees' needs and assigns housing choice rankings accordingly.

These case studies, each in their own way, highlight the ways in which FGCU could approach its workforce housing. All three institutions invested heavily in their university-owned housing, ensuring that employees have access to stable and affordable rental options near the campus. Rollins and the University of Hawai'i focused on housing their new staff for the first few years of their tenure, whereas Stanford invested in a broader solution to provide options throughout an employee's career. While Fort Myers is not yet facing the extreme affordability crises of areas like the suburbs of Honolulu or Silicon Valley, current trends suggest that the continued population growth coupled with rising rental rates and limited attainable housing options will only exacerbate the issue. Learning from these institutions can provide FGCU with a framework for addressing these challenges and assuring that affordability does not become a long-term barrier for recruitment and retention for FGCU.

Exhibit A:

FGCU Workforce Survey Responses (December 2024 – January 2025)

[Intentionally Omitted]

**AMENDED AND RESTATED
TRUST INDENTURE**

between

FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION

and

TD BANK, NATIONAL ASSOCIATION

Dated as of July 1, 2013

Securing the Bonds listed in Schedule A hereto

This Amended and Restated Trust Indenture is a restatement of the Amended and Restated Trust Indenture dated as of June 1, 2013, between Florida Gulf Coast University Financing Corporation (the “Issuer”) and TD Bank, National Association (the “Trustee”) (collectively, the “Original Indenture”). This Amended and Restated Trust Indenture contains the provisions of the Original Indenture as amended and supplemented hereby.

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AMENDED AND RESTATED TRUST INDENTURE dated as of July 1, 2013, between **FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION** (the “Issuer”), and **TD BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and duly authorized to accept and execute trusts, with its designated place of business located in Jacksonville, Florida, as trustee (the “Trustee”).

The Issuer and the Trustee for the benefit of the other and for the benefit of the holders of the Issuer’s Bonds issued pursuant to this Indenture (*all capitalized terms defined below and in Section 1.03 hereof*) agree as follows:

ARTICLE I

Section 1.01 Representations of the Issuer

1. The Issuer: (i) is a Florida not for profit corporation, (ii) provides direct support to Florida Gulf Coast University (the “University”) and (iii) has been designated as a “University Direct Support Organization” by The Florida Gulf Coast University Board of Trustees (the “University Board”) pursuant to §1004.28, Florida Statutes.

2. The Issuer has previously issued the Bonds listed on Schedule A hereto (together with any Additional Bonds issued from time to time hereunder, collectively, the “Bonds”), as the same may be amended or supplemented from time to time, all pursuant to the Original Indenture (as amended hereby and referred to herein as the “Indenture”).

3. The Credit Facility securing the Series 2005A Bonds and the Series 2005B Bonds expires July 8, 2013, and pursuant to Section 3.11 of the Indenture, the Series 2005A Bonds and the Series 2005B Bonds are subject to required purchase on July 1, 2013, at 100% of the principal amount thereof plus accrued interest to the date of purchase. A draw of said Credit Facility shall be made on July 1, 2013, to pay the purchase price of the tendered Series 2005A Bonds and Series 2005B Bonds and said Credit Facility shall terminate. STING has agreed to purchase the tendered Series 2005A Bonds and the Series 2005B Bonds on July 1, 2013, provided certain modifications are made to the terms hereof and thereof. The Issuer has determined to amend and restate the Original Indenture pursuant to Section 11.01(g) of the Original Indenture and, to the extent such amendment and restatement affects the Series 2005A Bonds and the Series 2005B Bonds, Section 11.02(a) of the Original Indenture in order to, inter alia, provide for such purchase and add a STING Rate Period as a Rate Period thereunder and to provide that effective on and as of the effective date of the Indenture, the Rate Period for each of the Series 2005A Bonds and the Series 2005B Bonds shall be a STING Rate Period and during each STING Rate Period the Series 2005A Bonds and the Series 2005B Bonds shall bear interest at the STING Rate.

4. To provide for the financing of University capital projects from time to time, the Issuer and the University Board have executed and delivered a (i) Third Amended and Restated Master Capital Projects Ground Lease Agreement, dated as of April 1, 2008 (the “Ground Lease”), (ii) Phase XI Ground Lease Agreement, dated as of October 1, 2010 (the “Phase XI Ground Lease”) and (iii) Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013 (the “Operating Lease”).

5. The University Board, as lessor, shall lease the Land and the Existing Improvements (collectively, the “Premises”) to the Issuer, as lessee, pursuant to the Ground Lease.

6. The University Board has leased back the Premises from the Issuer to provide for the operation of the Housing System facilities, Parking System facilities and Student Union Addition

pursuant to the Operating Lease and shall pay Base Rent in amounts sufficient to pay the principal or purchase price of, premium, if any, and interest on the Bonds and all other amounts owing under the Related Financing Documents (as defined in the Operating Lease) and all Additional Rent required to be paid pursuant to any Related Financing Documents.

7. Pursuant to this Indenture and the Assignment, the Issuer has assigned to the Trustee all of its rights, title and interest in and to the Trust Estate, including all rights with respect to the Ground Lease, Phase XI Ground Lease and Operating Lease, whereby the Trustee shall be entitled to receive payments under the Operating Lease and to hold and distribute same to or for the benefit of the Owners of the Bonds, and for the benefit of each Credit Facility Provider or Bond Insurer, as applicable.

8. The Board of Directors of the Issuer, hereinafter called the "Governing Board" pursuant to the resolution adopted on April 11, 2013, has duly authorized the execution and delivery of this Indenture and the execution and delivery of other documents related thereto.

9. The provisions of this Indenture relating to the requirements for the issuance of the Bonds shall be satisfied prior to the date of delivery thereof.

10. The Issuer has the full power and authority to issue and sell a series of Bonds, to acquire, construct and equip the Capital Projects, as herein provided, and the Governing Board has taken all action required by law to authorize its officers to execute, acknowledge and deliver this Indenture.

11. The proceeds of a series of the Bonds, together with other available funds, if necessary, will be used for the specific corporate purposes described above.

12. All things have been done and performed that are necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer according to the import thereof, and to make this Indenture a valid agreement of the Issuer payable from the Trust Estate.

Section 1.02 Granting Clause and Acceptance by Trustee

To secure the payment of the Bonds and, as herein provided, payment of all obligations to each Credit Facility Provider, STING and each Bond Insurer, the Issuer assigns to the Trustee and grants to the Trustee a security interest in all right, title and interest of the Issuer in and to (a) except as specifically provided herein, all moneys and securities held from time to time by the Trustee under this Indenture, except those moneys and securities held from time to time in the hereinafter defined Rebate Account, (b) a Credit Facility, as applicable, (c) any proceeds from a Bond Insurance Policy, as applicable, and (d) to the extent not included in the foregoing, the Collateral (collectively, the "Trust Estate"), in each case, for the equal and proportionate benefit of all holders of the Bonds without priority or distinction as to lien or otherwise of any Bonds over any other Bonds and for the benefit of each Credit Facility Provider, STING and the Bond Insurer, as applicable, except as otherwise provided in this Indenture. The lien upon and pledge of the Trust Estate securing the Bonds and the Issuer's obligations under a Credit Facility Agreement, a Bond Insurance Policy and a STING Agreement shall have the priority and rank senior to the lien upon and pledge thereof securing the Hedge Obligations. The Trustee shall hold (i) all funds drawn under a Credit Facility solely for the benefit of the holders of the Bonds secured by such Credit Facility and (ii) any proceeds from a Bond Insurance Policy for the benefit of the holders of the Bonds insured by such Bond Insurance Policy. If moneys are provided under a Credit Facility to make payments required hereunder, the Credit Facility Provider shall be subrogated to the rights of the Issuer and the holders of the Bonds secured by such Credit Facility, and the Trustee shall apply the interests granted hereunder, except any proceeds from a Bond Insurance Policy, to secure payment of all obligations of the

Issuer under the Credit Facility Agreement until the same have been satisfied as provided in, and subject to the provisions of, Section 8.04 hereof.

With respect to each series of Bonds, the Funds Collateral portion of the Collateral shall not include the proceeds of any other series of Bonds deposited in the respective Project Accounts for each series of Bonds created and established hereunder.

THE BONDS AND ALL PAYMENTS BY THE ISSUER THEREUNDER ARE GENERAL OBLIGATIONS OF THE ISSUER AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE ON A PARITY WITH THE OUTSTANDING BONDS, SUBJECT TO THE LIMITATIONS HEREUNDER AND UNDER THE OPERATING LEASE. NO COVENANT OR AGREEMENT IN THE BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION HEREIN OR THEREIN IMPOSED UPON THE ISSUER SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE ISSUER NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.

The Trustee hereby duly accepts the trusts created by this Indenture and as evidence of such has joined in the execution hereof.

Section 1.03 Definitions:

For all purposes of this Indenture, unless the context requires otherwise, the following terms shall have the following meanings. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Operating Lease.

“Accrued Interest Account” shall mean the special account created and designated in the Sinking Fund by the provisions of Section 5.02 hereof.

“Act of Bankruptcy” shall mean the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization or similar law now or hereafter in effect. If any such petition has been dismissed and the dismissal is final and not subject to appeal at the relevant time, the filing will not be considered to have occurred.

“Additional Bonds” shall mean any Bonds issued under Section 2.07 hereof.

“Alternate Credit Facility” shall mean any letter of credit, standby bond purchase agreement, guaranty, line of credit, surety bond or similar credit facility meeting the requirements of, and delivered to the Trustee in accordance with, Article V hereof.

“Amortization Requirements” for the Bonds shall mean the amount established with respect to payment of Term Bonds, which is required to be paid into the Redemption Account in each Bond Year. The aggregate amount of such Amortization Requirements (including the amount payable at maturity) for the Term Bonds of each series of Bonds shall be equal to the principal amount of such Term Bonds and the due dates for Amortization Requirements for any Term Bonds shall begin in the Bond Year designated herein or in the applicable Supplemental Indenture and shall end with the Bond Year in which such Bonds mature.

“Assignment” shall mean the Ninth Amended and Restated Assignment of Leases, dated as of July 1, 2013, as may be amended and restated from time to time in compliance herewith and therewith, given by the Issuer to the Trustee, as assignee.

“Available Moneys” shall mean (i) moneys drawn under the Credit Facility; (ii) moneys deposited directly by the Issuer with the Trustee which moneys have been on deposit in the Sinking Fund or an Eligible Account and held by the Trustee for at least 123 days during which no Act of Bankruptcy with respect to the Issuer, the University or the University Board shall have occurred; (iii) the proceeds of the sale of refunding obligations or other moneys, if, delivered with a written opinion of an attorney or firm of attorneys nationally recognized as experienced in bankruptcy matters acceptable to the Issuer, the Credit Facility Provider or Bond Insurer, as applicable, and the Trustee, stating that the application of such proceeds or other moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy with respect to the Issuer, the University or the University Board; or (iv) the proceeds from investment of moneys qualifying as Available Moneys under clause (i), (ii) or (iii) above. Notwithstanding the foregoing, when used with respect to the payment of the Pledged Bonds, Hedge Obligations, the term “Available Moneys” shall not include moneys drawn under the Credit Facility.

“Bank” shall mean (a) BMO Harris Bank N.A., its successors and assigns, with respect to the Series 2007B Bonds and Series 2008A Bonds, (b) BMO Harris Bank N.A., successor to Harris N.A., its successors and assigns, with respect to the Series 2009A Bonds and (c) with respect to any other Bonds, the Bank shall be as defined in the Supplemental Indenture authorizing such Bonds

“Bankruptcy Law” shall mean Title 11 of the United States Code or any similar federal, state or foreign law for the relief of debtors.

“Bond Documents” shall mean the Bonds, the Ground Lease, the Phase XI Ground Lease, the Operating Lease, the Assignment, the Credit Facility, the Credit Facility Agreement, the STING Agreement, the Bond Insurance Policy and this Indenture.

“Bond Insurance Policy” shall mean the financial guaranty insurance policy issued by MBIA insuring the payment when due of the principal of and interest on the Insured Bonds, or any other bond insurance policy securing a series of Bonds as provided herein.

“Bond Insurer” shall mean (a) with respect to the Insured Bonds, MBIA Insurance Corporation, its successors and assigns, and (b) with respect to any Additional Bonds secured by a Bond Insurance Policy, the Bond Insurer shall be as defined in the Supplemental Indenture authorizing such Additional Bonds.

“Bond Insurer Default” shall mean any one or more of the following events with respect to a particular series of Bonds insured by the relevant Bond Insurer:

(a) the Bond Insurer shall fail to pay a claim properly made under the terms of the Bond Insurance Policy; or

(b) the Bond Insurer shall declare that it is not obligated to honor future claims on the Bond Insurance Policy; or

(c) an Act of Bankruptcy shall occur with respect to the Bond Insurer, or the Bond Insurer or a receiver (or other similar person with authority to control the disposition of the Bond Insurer’s assets) shall declare that the Bond Insurer will not be able to pay in full, on a timely basis, future claims on the Bond Insurance Policy.

A Bond Insurer Default shall "exist" if a Bond Insurer Default shall have occurred and be continuing.

"Bond Service Account" shall mean the special account created and designated in the Sinking Fund by the provisions of Section 5.02 hereof.

"Bond Year" shall mean the twelve-month period for each series of Bonds commencing on the date such series of Bonds were issued; provided, however, that the "Bond Year" for the STING Rate Bonds shall begin on July 1 of each year and end on the immediately succeeding June 30, with the initial Bond Year for the STING Rate Bonds commencing July 1, 2013.

"Bonds" shall mean each series of Bonds issued pursuant to this Indenture and listed in Schedule A attached hereto, as the same may be amended or supplemented from time to time. The references to the Bonds set forth in Article III and Article IV of the Indenture shall be applied with recognition that the Bonds of each series of the Bonds are not interchangeable with the Bonds of any other series and references to the Bonds (or the Owners thereof) in such Articles shall generally be applied to refer to the Bonds of the applicable series only (or the Owners thereof, as applicable).

"Book-Entry Form" or "Book-Entry System" shall mean the system maintained by the Depository described in Section 2.02 hereof.

"Business Day" shall mean any day except (a) a Saturday or Sunday, (b) a day on which the Depository is closed, or (c) a day on which the designated corporate trust office of the Trustee, or the offices of the Bond Insurer with respect to the Insured Bonds, or the office of a Remarketing Agent, or the offices of the Credit Facility Provider, with respect to the Credit Facility Bonds at which demands may be made for payment under the Credit Facility, or the offices of STING, with respect to STING Rate Bonds at which payments are to be made to STING hereunder and under any STING Agreement, is closed.

"Capital Project Facilities System" shall mean the Housing System and the Parking System, together with any and all improvements thereto operated and maintained by the University Board at the University.

"Capital Projects" shall mean the acquisition, construction and equipping of Improvements as are identified from time to time under the Operating Lease. The Capital Projects may be modified from time to time; provided that, (a) so long as no Bond Insurer Default shall have occurred and be continuing, no modification shall be made that materially alters the nature thereof without the prior consent of the Bond Insurer, (b) so long as a Credit Facility Provider has not failed to honor a properly presented and conforming drawing made under and in strict compliance with its Credit Facility securing a series of Bonds, no modification shall be made that materially alters the nature of any Capital Project financed with the proceeds of such Bonds without the prior consent of such Credit Facility Provider and (c) no modification shall be made that alters the nature thereof absent an Opinion of Tax Counsel that such modification will not adversely affect the exclusion of interest on such series of Bonds, the proceeds of which were used to finance the Capital Project to be modified, from gross income for federal income tax purposes.

"Certificate of Completion" shall mean the certificate setting forth the date of completion of the Project given by the Issuer to the Trustee pursuant to Section 5.01 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations under it and its predecessors.

“Collateral” shall mean the Issuer’s interest in the following property and rights in the Capital Project Facilities System and the Student Union Addition, whether now owned or hereafter acquired:

- (a) the Ground Lease, the Phase XI Ground Lease, and the Operating Lease, including all rights of the Issuer to receive the Lease Payments except for the balance of the Revenue Fund as described in the Operating Lease and the Assignment;
- (b) all Capital Project Facilities System and Student Union Addition accounts;
- (c) all inventory, equipment and other tangible and intangible property of the Capital Project Facilities System and Student Union Addition;
- (d) all contract rights, general intangibles and other rights and assets;
- (e) all Funds Collateral;
- (f) the Construction Documents;
- (g) any Hedge Receipts; and
- (h) all proceeds of such Collateral and all parts, accessories, attachments, additions, replacements, accessions, substitutions, increases, profits and products thereof, including, without limitation, all proceeds of insurance and condemnation awards or settlements of the Capital Project Facilities System and Student Union Addition. To the extent not defined herein, the terms used in this definition shall have the definitions set forth in Article 9 of the Uniform Commercial Code in effect in the State.

Notwithstanding any other provision in this Indenture, the pledge of and lien upon the Capital Project Facilities System and Student Union Addition accounts portion of the Collateral is subject to the provisions of the Operating Lease.

“Commercial Paper Rate” shall mean, when used with respect to any particular Bond, the interest rate determined for each Commercial Paper Rate Period applicable thereto pursuant to Section 3.05 hereof.

“Commercial Paper Rate Conversion Date” shall mean the date on which all or a portion of a series of Bonds are converted to bear interest at Commercial Paper Rates pursuant to Section 3.06 hereof.

“Commercial Paper Rate Period” shall mean each period during which Bonds bear interest at a Commercial Paper Rate established in accordance with Section 3.05 hereof.

“Completion Date” shall mean the date of the completion of the Project as set forth in the Certificate of Completion.

“Conversion Date” shall mean (a) when used with respect to a series of Bonds bearing interest at Fixed Rates, the date on which all of such series of Bonds are converted to bear interest at Fixed Rates pursuant to Section 3.07 hereof; (b) when used with respect to a series of Bonds bearing interest at Variable Rates, the date on which all or a portion of such Bonds are converted to bear interest at such Variable Rates pursuant to Sections 3.03 and 3.04 hereof; and (c) the Commercial Paper Rate Conversion Date.

“Cost” when used in connection with a project, shall be deemed to include, (a) expenditures or obligations of the Issuer incurred for the acquisition of real property, for the acquisition and installation of equipment, and for labor, materials, supplies and other expenses paid or payable to contractors, builders and materialmen in connection with the acquisition, construction and erection of such project and all other expenses incidental thereto; (b) interest on the Bonds prior to and during construction; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction which is not paid by the contractor or contractors or otherwise provided for; (d) the expenses of test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper erection, construction or installation of such project; (e) compensation and expenses of the Issuer, the Trustee, the Paying Agent, the Remarketing Agent, the Bond Insurer, STING and the Credit Facility Provider, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds or the transactions financed thereby; (f) all other costs which the Issuer shall be required to pay under the terms of any contract or contracts for the acquisition, construction and equipping of the project; (g) payment of the taxes, documentary stamp taxes, intangible taxes, assessments and other charges, if any, to the extent such taxes, assessments and charges may be properly chargeable to such project’s capital account or reimbursement thereof if paid by the Issuer; (h) payment of expenses incurred in enforcing any remedy against any contractor or subcontractor in respect of any default under a contract relating to such project; and (i) any sums required to reimburse the Issuer for advances made for any of the above items, or for any other costs incurred and for work done by any of the foregoing parties described in paragraphs (a), (b) or (e), which are properly chargeable to the project.

“Counterparty” shall mean a party, other than the Issuer or the University Board, to a Hedge Agreement.

“Credit Facility” shall mean an irrevocable, direct-pay letter of credit issued by a Credit Facility Provider to the Trustee that satisfies the requirements of Section 5.07 hereof. The term Credit Facility includes any Alternate Credit Facility that satisfies the requirements of Section 5.07 hereof, any extension, amendment, or renewal of a Credit Facility and may include, in combination with a letter of credit or liquidity facility, a municipal bond insurance policy or surety bond, but shall not include a Bond Insurance Policy.

“Credit Facility Account” shall mean the special account created and designated in the Sinking Fund by the provisions of Section 5.02 hereof.

“Credit Facility Agreement” shall mean (a) with respect to the Series 2009A Bonds, the Reimbursement Agreement dated as of May 1, 2009 between the Issuer and the Bank, (b) with respect to the Series 2008A Bonds, the Reimbursement Agreement dated as of December 13, 2012 between the Issuer and the Bank, as may be amended from time to time in accordance with its terms, (c) with respect to the Series 2007B Bonds, the Reimbursement Agreement, dated as of December 13, 2012 between the Issuer and the Bank, (d) with respect to the Series 2005A Bonds and the Series 2005B Bonds, the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of February 1, 2005, between the Issuer and the Bank, and (e) with respect to any series of Additional Bonds, any other agreement between the Issuer and a Credit Facility Provider pursuant to which a Credit Facility is issued for such series of Additional Bonds.

“Credit Facility Bonds” shall mean (a) the Series 2005A Bonds, Series 2005B Bonds, Series 2007B Bonds, Series 2008A Bonds and the Series 2009A Bonds or (b) any other series of the Bonds secured by a Credit Facility.

“Credit Facility Provider” shall mean (a) with respect to Credit Facility Bonds, the applicable Bank or its successors and assigns, and (b) with respect to any Additional Bonds secured by a Credit Facility, the entity providing such Credit Facility.

“Credit Facility Provider Account” shall mean the special account created and established in Section 4.01(d)(iii) hereof and such subaccounts as may be created and established by the provisions of Section 2.01(a) hereof.

“CUSIP” shall mean the Committee on Uniform Security Identification Procedures, established to develop a uniform method of identifying securities.

“Daily Rate” shall mean the interest rate to be determined for all or a portion of a series of the Bonds on each Business Day pursuant to Section 3.02(c) hereof.

“Daily Rate Conversion Date” shall mean the day on which all or a portion of a series of the Bonds are converted to bear interest at a Daily Rate pursuant to Section 3.03 hereof.

“Daily Rate Period” shall mean the period during which all or a portion of a series of the Bonds bear interest at Daily Rates pursuant to Section 3.02(c) hereof.

“Delivery Office of Trustee” shall mean the office designated in Section 12.01 hereof or such other office as may be designated in writing by the Trustee to the Issuer, the Bond Insurer, a Credit Facility Provider, the Remarketing Agent.

“Depository” shall mean any Depository that is 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 Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of interests in the Bonds, and to effect transfers of the Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Determination of Taxability” shall mean a determination that the interest income on any of the Bonds is not excluded from gross income under Section 103 of the Code, which determination shall be deemed to have been made upon the first to occur of the following:

(a) the date on which any change in law or regulation becomes effective, or on which the Internal Revenue Service issues any private ruling, technical advice or other written communication, with or to the effect that the interest income on any of the Bonds is not excluded from gross income; and

(b) the date on which the Issuer shall receive notice from the Trustee in writing that the Trustee has been advised by any person acting on behalf of a present or former Owner that the Internal Revenue Service has issued a thirty (30) day letter or other notice to such Owner that asserts that the interest on the Bonds is not excluded from gross income.

Notwithstanding the foregoing, with respect to any STING Rate Bonds, “Determination of Taxability” shall mean a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on such Bonds is or was includable in the gross income of the Owner thereof for federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either

directly or in the name of any Owner of such Bonds, and until the conclusion of any appellate review, if sought.

“Eligible Account” shall mean an eligible account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor’s short-term debt rating of at least “A-2” (or, if no short-term debt rating, a long-term debt rating of “BBB+”); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“Event of Default” is defined in Section 9.01 hereof.

“Existing Improvements” shall mean certain improvements to the University’s Capital Project Facilities System designated Housing System - Phase I through Phase XII, Parking System - Phase I through III, (including, but not limited to parking areas, sidewalks, access roads, laundry rooms, meeting rooms and common areas and all personal property located on any of the foregoing) and the Student Union Addition.

“Facilities” shall mean the housing and parking facilities and the Student Union Addition located on the campus of the University described in Exhibit A to the Operating Lease (except those portions set forth in Exhibit B thereof), including the Improvements, and all personal property now or hereafter used in connection therewith.

“FAST” shall mean the DTC Fast Automated Securities Transfer system for the delivery and deposit of securities through electronic computerized balancing between the Trustee, as transfer agent, and DTC.

“Fitch” shall mean Fitch, Inc. d/b/a Fitch Ratings and its successors and assigns.

“Fixed Rate” shall mean the rate or rates at which a series of the Bonds shall bear interest from and including the earlier of (i) the conversion to a Fixed Rate to the maturity date pursuant to Section 3.07 hereof and (ii) in the case of Bonds initially issued bearing interest at a Fixed Rate to the maturity date, the date of initial issuance of such Bonds.

“Fixed Rate Conversion Date” shall mean the date on which a series of the Bonds are converted to bear interest at Fixed Rates pursuant to Section 3.07 hereof.

“Fixed Rate Period” shall mean the period during which a series of the Bonds bear interest at Fixed Rates.

“Foundation” shall mean the Florida Gulf Coast University Foundation, Inc.

“Funds Collateral” shall mean all of the rights of the Issuer in and to any moneys or accounts held by the Trustee under this Indenture, except for the Rebate Account, in trust or on account for the bondholder under this Indenture, and all money on deposit in the Sinking Fund, the Revenue Fund, the Debt Service Fund, the Operation and Maintenance Fund (Plant Fund) and other funds and accounts described in the Operating Lease.

“Gross Revenues” shall mean all income or earnings, including income from fees and other charges made and collected and proceeds from the sale of all or a part of the Capital Project Facilities

System, derived by the University Board from the operation of the Capital Project Facilities System plus the revenues of the University Board derived from that certain Management and Operating Agreement, dated July 1, 2010, by and between the University Board and Follet Higher Education Group, Inc. and that certain Food Services Management Agreement, dated as of its date, by and between the University Board and Aramark Educational Services, Inc., as each may be amended and supplemented, and any revenues derived from any renewals or replacements of such contracts or from any other operating agreements or contracts relating to the use of the Student Union or any other facilities referenced in such contracts.

“Ground Lease” shall mean the Third Amended and Restated Master Capital Projects Ground Lease agreement, dated as of April 1, 2008, as may be amended and restated from time to time in compliance herewith and therewith, between the University Board, acting for and on behalf of the University, as lessor, and the Issuer, as lessee.

“Hedge Agreement” shall mean and include an interest rate exchange agreement, an Interest Rate Swap Agreement, forward purchase contract, put option contract, call option contract or other financial product which is used by the University Board as a hedging device with respect to the obligation to pay debt service on any of the Bonds, entered into with a Counterparty; provided that such Counterparty shall be an entity whose long-term debt obligations, or whose payment obligations under the Hedge Agreement are guaranteed by an entity, whose senior long-term debt obligations, are rated (on the date the Hedge Agreement is entered into) by Moody’s and S&P or their respective successors in a rating category not less than “A” by Moody’s and “A” by S&P; and further provided that such arrangement shall be specifically designated in a certificate of the Issuer Representative as a “Hedge Agreement” for purposes of this Indenture and shall be approved in writing by each Credit Facility Provider.

“Hedge Charges” shall mean charges payable to a Counterparty upon the execution, renewal or termination of any Hedge Agreement and any periodic fee required to keep such Hedge Agreement in effect and other payments required thereby, exclusive of Hedge Obligations.

“Hedge Obligations” shall mean net payments required to be made to a Counterparty under a Hedge Agreement from time to time as a result of fluctuation in hedged interest rates, or fluctuation in the value of any index of payment.

“Hedge Receipts” shall mean net payments received from a Counterparty under a Hedge Agreement.

“Housing System” shall mean the complete student residence facility system owned, operated and maintained by the Lessee at the University, together with all improvements, extensions and additions thereto.

“Housing System Bonds” shall mean the Bonds secured or to be secured by Housing System Revenues.

“Housing System Revenues” shall mean the Net Revenues derived from the operation of the Housing System.

“Improvements” shall mean the Existing Improvements of the Capital Projects Facilities System, the Student Union Addition, and such other improvements as are identified from time to time under the Operating Lease and approved in writing by each Credit Facility Provider, particularly including construction of the Capital Projects as described in Exhibit B to the Operating Lease. Without limiting the foregoing, the term “Improvements” shall include all buildings, components of buildings, storm

drainage, water systems, sewer systems, electrical systems, gas systems and other utilities, equipment and landscaping, located within or without the boundaries of the Ground Lease and the Phase XI Ground Lease and serving such Capital Projects.

“Indenture” shall mean the Original Indenture, as modified by this Amended and Restated Trust Indenture, as amended or supplemented from time to time in accordance with its terms.

“Insider” shall mean any (i) director of the Issuer; (ii) officer of the Issuer, the Foundation, the University or the University Board; (iii) person in control of the Issuer, the Foundation, the University or the University Board; (iv) partnership in which the Issuer, the Foundation, the University or the University Board is a general partner; or (v) relative of a general partner, director, officer or person in control of the Issuer, the Foundation, the University or the University Board. This definition shall be interpreted to correspond with the definition of “Insider” as appears in 11 United States Code, Section 101(31) as may, from time to time, be amended, interpreted, or renumbered.

“Insured Bonds” shall mean the Series 2003 Bonds, Series 2007A Bonds, Series 2007C Bonds and any other series of the Bonds insured by MBIA Insurance Corporation, its successors and assigns.

“Interest Payment Date” shall mean (a) when used with respect to Bonds bearing interest at the Daily or Weekly Rate, the first Business Day of each calendar month for interest accrued up to but not including such date; (b) when used with respect to Bonds bearing interest at the Multiannual Rate, the first day of the sixth calendar month or of a calendar month, designated by the Issuer, following inception of the Multiannual Rate Period and thereafter on the first day of each sixth month to which interest at such rate has accrued and each Multiannual Rate Adjustment Date; (c) when used with respect to any particular Bond bearing interest at a Commercial Paper Rate, the first Business Day following the last day of each Commercial Paper Rate Period applicable thereto; (d) when used with respect to Bonds bearing interest at the Fixed Rate or the STING Rate, each February 1 and each August 1; and (e) when used with respect to Pledged Bonds, the date such Pledged Bonds are remarketed.

“Interest Rate Swap Agreement” shall mean an agreement with a Counterparty under which the contracting party is obligated to make periodic payments on a “notional amount” to the Counterparty at a fixed rate of interest and the Counterparty is obligated to make periodic payments to the contracting party on such “notional amount” at a variable rate of interest, or vice-versa, and under which the amounts so payable by the contracting party and such Counterparty on any date are netted against each other with the party owing the larger amount making a net payment to the other party.

“Issuer” shall mean the entity identified, as such, in the heading of this Indenture and any successor to its functions.

“Issuer Representative” shall mean a person at the time designated to act on behalf of the Issuer by a written certificate furnished to the Trustee, each Bond Insurer and each Credit Facility Provider containing the person’s specimen signature and signed on behalf of the Issuer by any of its officers. The certificate may designate an alternate or alternates.

“Lease Agreement” shall mean the Lease Agreement No. 4051, dated November 15, 1994, between the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida (the “State Board of Trustees”) and the Florida Board of Education, as successor in interest to the Florida Board of Regents, as amended and particularly as modified by that certain Lease Modification Agreement, dated January 7, 2003 between the State Board of Trustees and the University Board.

“Lease Payments” shall mean the Base Rent and Additional Rent payable by the University Board, acting for and on behalf of the University, pursuant to the Operating Lease.

“Maximum Annual Debt Service” shall mean the greatest sum of all debt service (both principal and interest (with respect to variable rate indebtedness, based upon one hundred fifteen percent (115%) of the average SIFMA Index over the twelve months immediately preceding the issuance of the Additional Bonds) required to be paid from Net Revenues on all Bonds in the then current fiscal year or any fiscal year following the date of calculation.

“Maximum Federal Corporate Tax Rate” shall mean the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions (including without limitation the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to STING, the maximum statutory rate of federal income taxation which could apply to STING)). The Maximum Federal Corporate Tax Rate on the date of issuance of the STING Rate Bonds is 35%.

“Maximum Rate” shall mean the lower of (a) the maximum rate permitted by Florida law, or (b) with respect to Credit Facility Bonds, the maximum rate as may be specified in the applicable Credit Facility.

“MBIA” shall mean MBIA Insurance Corporation, its successors and assigns.

“Moody’s” shall mean Moody’s Investors Service, Inc. and its successors and assigns.

“Multiannual Rate” shall mean the interest rate to be determined for all or a portion of a series of the Bonds for a term of one or more years pursuant to Section 3.02(e) hereof.

“Multiannual Rate Adjustment Date” shall mean, as to all or a portion of a series of Bonds that bear interest at a Multiannual Rate, the Business Day immediately succeeding the last day of such Rate Period.

“Multiannual Rate Conversion Date” shall mean the day on which all or a portion of a series of the Bonds are converted to bear interest at a Multiannual Rate pursuant to Section 3.03 hereof.

“Multiannual Rate Period” shall mean each period during which all or a portion of a series of the Bonds bear interest at a Multiannual Rate.

“Net Revenues” for any particular period, shall mean the excess of (a) all Gross Revenues for the period, exclusive of gifts, grants, bequests, donations and contributions over (b) all expenses payable from Gross Revenues of the Capital Project Facilities System and the Student Union Addition during the period, all as determined in accordance with generally accepted accounting principles, to which shall be added depreciation, amortization, capitalized rental expense, and interest and any amount charged against a depreciation reserve fund for the purpose of paying part or all of the total principal and interest requirements on the Bonds (and any other indebtedness payable from Gross Revenues of the Capital Projects Facilities System and the Student Union Addition) in the applicable period (to the extent the foregoing items are included as expenses).

“Non Book-Entry Bonds” shall mean any Bonds not held in the name of a Depository.

“Operating Lease” shall mean the Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013, as may be amended and restated from time to time, in compliance herewith and therewith, between the University Board, acting for and on behalf of the University, and the Issuer.

“Opinion of Counsel” shall mean a written opinion of counsel acceptable to the Trustee, the Issuer and the Credit Facility Provider or Bond Insurer, as applicable.

“Opinion of Tax Counsel” shall mean an Opinion of Counsel by counsel nationally recognized as being experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

“Original Indenture” shall mean the Amended and Restated Indenture, dated as of June 1, 2013 between the Issuer and the Trustee.

“Outstanding,” when used with reference to Bonds, or “Bonds Outstanding” shall mean all Bonds that have been authenticated and delivered by the Trustee under this Indenture, except the following:

- (a) Bonds, or portions thereof, canceled or purchased by the Trustee for cancellation. Bonds purchased by the Issuer in lieu of redemption under Article IV will continue to be Outstanding until the Issuer directs the Trustee to cancel them.

- (b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee.

- (c) Bonds deemed paid pursuant to Section 8.01 hereof.

- (d) Bonds deemed purchased pursuant to Section 4.01 hereof, regardless of whether such Bonds have been delivered, for which sufficient moneys, including interest accrued to the due date, are held by the Trustee.

- (e) With respect to Credit Facility Bonds, any such Bonds held by or for the account of the Issuer or the University.

“Outstanding Bonds” shall mean the Bonds described in paragraph 2 of Section 1.01 hereof and in Schedule A hereto as may be amended from time to time.

“Owner” or “Owners” for Bonds registered under the Book-Entry System, shall mean the Depository and not the owners of beneficial interests in the Bonds, and for Bonds that are not registered under the Book-Entry System, “Owner” or “Owners” shall mean the registered holders of such Bonds.

“Parking System” shall mean the complete student parking lots and garage facilities owned, operated and maintained by the University Board at the University, together with any and all improvements, extensions and additions thereto.”

“Parking System Bonds” shall mean the Bonds secured or to be secured by Parking System Revenues.

“Parking System Revenues” shall mean the Net Revenues derived from the operation of the Parking System.

“Participant” shall mean one of the entities, which is a member of the Depository and deposits securities, directly or indirectly, in the Book-Entry System.

“Paying Agent” shall mean the Trustee or any successor Paying Agent under the Indenture.

“Permitted Encumbrances” shall mean as of any particular time (i) liens for ad valorem taxes (if any) not then delinquent, (ii) the Lease Agreement, the Ground Lease, the Phase XI Ground Lease, and the Operating Lease, (iii) the rights of the Trustee under the Bond Documents, (iv) utility, access or other easements and rights-of-way, party walls, agreements with respect to common use of utilities, and restrictions and exceptions that may be granted or are permitted under this Indenture, (v) any mechanics’, laborers’, materialmen’s, suppliers’ or vendors’ lien or right if payment is not yet due and payable under the contract in question, (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with property similar in character to the Property as do not materially impair the use of the Improvements for the purpose for which it was constructed, (vii) conditional sale, equipment trust, lease or other title retention agreements in connection with equipment of the Issuer other than the equipment which is a part of the Improvements, provided, however, that any such lien or title retention interest does not (a) encumber any equipment other than that the use of which was obtained under that arrangement, or (b) secure any obligations other than those arising from the acquisition of the equipment so encumbered, and (viii) encumbrances upon the Lease Payments that are subordinate, junior and secondary to the lien on the Operating Lease pursuant to written agreements acceptable by the Credit Facility Provider and the Bond Insurer, if any.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body or a political subdivision, a municipal corporation, public corporation or any other group or organization of individuals.

“Phase XI Ground Lease” shall mean the Phase XI Ground Lease Agreement, dated as of October 1, 2010, between the University Board, acting for and on behalf of the University, and the Issuer.

“Plans” shall mean the final plans, drawings, specifications, construction budget, schedule of values, trade and materials breakdown and other cost allocations for construction of the Improvements now or hereafter prepared and certified by the Issuer or the Issuer’s contractor.

“Pledge Agreement” shall mean any Pledge Agreement between the Issuer and a Credit Facility Provider regarding any Bonds purchased from a draw under the applicable Credit Facility and held for the benefit of such Credit Facility Provider.

“Pledged Bonds” shall mean Bonds held by or for the account of a Credit Facility Provider pursuant to a Pledge Agreement.

“Pre-Refunded Municipal Obligations” shall mean obligations of any state of the United States of America or of any municipal corporation or other public body organized under the laws of any such state which are rated, based on the escrow, in the highest investment rating category by both S&P and Moody’s and which have been irrevocably called for redemption and advance refunded through the deposit in escrow of U.S. Government Obligations or debt securities described in clause (b) of the definition of Qualified Investments contained herein which are (i) not callable at the option of the issuer thereof prior to maturity, (ii) irrevocably pledged solely to the payment of all principal and interest on such obligations as the same becomes due and (iii) in a principal amount sufficient, together with the interest to be earned thereon, to pay all such principal and interest as the same becomes due as verified by a nationally recognized firm of certified public accountants.

“Project Fund” shall mean the trust fund established pursuant to subparagraph (a)(iii) of Section 5.01 hereof.

“Property” shall mean the real property described in Exhibit A to the Ground Lease and Exhibit A to the Phase XI Ground Lease and the Improvements.

“Qualified Investments” shall mean the obligations provided in Section 4 of Exhibit C hereto or and any other obligations previously approved in writing by the Credit Facility Provider or the Bond Insurer, as applicable.

“Rate Period” shall mean the period during which a particular rate of interest determined for the Bonds is to remain in effect pursuant to Article III hereof.

“Rating Agency” shall mean Moody’s, S&P or Fitch, whichever one or more then rates the Bonds, and their respective successors and assigns, provided such corporation is maintaining a rating on the Bonds. If any of such corporation shall cease to act as a securities rating agency, the Issuer may, with the approval of the Remarketing Agent, Credit Facility Provider, as applicable, and Bond Insurer, as applicable, appoint any nationally recognized securities rating agency as a replacement.

“Rating Category” shall mean a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Rebate Account” shall mean the trust fund created and established pursuant to Section 5.05 hereof.

“Record Date” shall mean the close of business on (a) the day (whether or not a Business Day) immediately preceding the Interest Payment Date in the case of Bonds bearing interest at Commercial Paper, Weekly, or Daily Rates; (b) the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding the Interest Payment Date in the case of Bonds bearing interest at a Multiannual Rate or at the Fixed Rate; (c) with respect to STING Rate Bonds, the Business Day immediately preceding each Interest Payment Date; and (d) the Business Day immediately preceding each Conversion Date.

“Redemption Account” shall mean the special account created and designated in the Sinking Fund by the provisions of Section 5.02 hereof.

“Remarketing Agent” shall mean (a) with respect to the Series 2009A Bonds, BMO Capital Markets GKST Inc., and its successors and assigns, (b) with respect to the Series 2008A Bonds, Wells Fargo Securities, and its successors and assigns, (c) with respect to the Series 2005A Bonds, Series 2005B Bonds, Series 2007B Bonds, and Series 2010A Bonds, Barclays Capital, Inc., and its successors and assigns, and (d) with respect to any remarketed Additional Bonds, the Remarketing Agent shall be as defined in the Supplemental Indenture authorizing such Additional Bonds.

“Remarketing Agreement” shall mean any Remarketing Agreement, by and between the Issuer and the Remarketing Agent regarding a series of Bonds, including any amendments thereof or supplements thereto.

“Repurchase Agreement” shall mean an agreement for the repurchase of debt obligations approved in writing by each Credit Facility Provider and described in one of the following three categories:

(a) repurchase agreements entered into with any financial institution whose debt obligations or commercial paper are rated "AAA" or "A-1+," respectively, by S&P covering debt obligations of such institution; or

(b) repurchase agreements entered into with any corporation or other entity which is subject to the jurisdiction of the courts of the United States of America under any Bankruptcy Law covering U.S. Government Obligations provided that:

(i) the term of any such agreement is less than 12 months or is expressed to terminate on demand;

(ii) the Trustee or a third party acting solely as agent for the Trustee at all times has possession of the U.S. Government Obligations which are the subject of such repurchase agreement, free and clear of the claims of third parties; and

(iii) at all times such U.S. Government Obligations are maintained at quarter-annual valuation levels not less than the following percentages of the amount of such repurchase agreement determined in accordance with the following schedule:

MATURITY OF U.S. GOVERNMENT OBLIGATIONS FROM DATE OF VALUATION	VALUE OF U.S. GOVERNMENT OBLIGATIONS AS A PERCENTAGE OF AMOUNT OF REPURCHASE AGREEMENT
Less than one year	108%
Greater than one year but less than five years	125%
Greater than five years but less than ten years	135%
Greater than ten years but less than 15 years	140%
Greater than 15 years but less than 30 years	150%

(c) repurchase agreements entered into with any financial institution insured by the Federal Deposit Insurance Corporation or subject to the jurisdiction of the Securities Investors Protection Corporation covering U.S. Government Obligations in which the Trustee has a perfected first prior security interest provided that the conditions set forth in clauses (ii) and (iii) of the preceding paragraph (b) are met and that, in the case of a financial institution subject to the jurisdiction of the Securities Investors Protection Corporation, such U.S. Government Obligations have not been acquired pursuant to a repurchase agreement or reverse repurchase agreement.

Prior to investing in any Repurchase Agreement the Issuer shall deliver to the Credit Facility Provider: (i) an opinion of Bond Counsel to the effect that such Repurchase Agreement is a legal investment for Bond proceeds and (ii) a certificate of the Issuer to the effect that such Repurchase Agreement has been obtained at market rates then prevailing for such obligations. In addition, the Issuer shall, on the first Business Day of April of each year, deliver to each Credit Facility Provider or Bond

Insurer, a certificate to the effect that all Repurchase Agreements invested in by the Trustee on such date continue to meet the criteria therefor specified above and, if at any time any Repurchase Agreement does not meet such criteria, the Issuer shall either (1) take steps satisfactory to each Credit Facility Provider to insure that the Repurchase Agreement meets such criteria or (2) forthwith liquidate such Repurchase Agreement and invest the proceeds from such sale in other Qualified Investments. No amendment may be made to the documentation of any Repurchase Agreement without the prior written consent of each Credit Facility Provider.

“Required Purchase Date” shall mean (a) each Variable, Commercial Paper or Fixed Rate Conversion Date and Multiannual Rate Adjustment Date, as more fully described in Sections 3.09 and 3.10 hereof, (b) on the first Business Day succeeding the last day of each Commercial Paper Rate Period, as more fully described in Section 3.08 hereof, (c) on the 5th Business Day prior to the expiration of the Credit Facility, as more fully described in Section 3.11 hereof, (d) the effective date of a substitute Credit Facility, as more fully described in Section 3.11, (e) a date which is a Business Day specified by the Trustee in a notice not later than ninety (90) days after an Act of Bankruptcy of a Credit Facility Provider if by the sixtieth (60th) day following such occurrence, an Alternate Credit Facility has not been issued to the Trustee, (f) a date not less than five (5) Business Days prior to the termination of a Credit Facility, and in no event later than nine (9) calendar days after the Trustee’s receipt of the notice of an Event of Default under the applicable Credit Facility upon (written direction by the Credit Facility Provider to the Trustee to institute a mandatory tender (required purchase) of the Bonds in lieu of acceleration, (g) a date which shall be not more than four (4) Business Days after Trustee’s receipt of a notice of non-reinstatement of interest drawn under a Credit Facility, (h) while the Bonds bear interest at the Multiannual Rate, each mandatory tender date, (i) any other mandatory tender date, including an Event of Default under a Credit Facility Agreement, as more fully described in Section 3.12; and (j) upon an Event of Non-Reinstatement, as more fully described in Section 3.13.

“Responsible Officer” shall mean any officer or assistant officer or authorized signor of the Trustee assigned by the Trustee to administer its corporate trust matters.

“Rule” shall mean Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities and Exchange Act of 1934, as amended.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a New York corporation and its successors and assigns.

“Series 2003 Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2003 described in Schedule A hereto.

“Series 2005A Bonds” shall mean the Amended and Restated Capital Improvement Revenue Bonds, Series 2005A (Housing Project) described in and Schedule A hereto.

“Series 2005B Bonds” shall mean the Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking Project) described in Schedule A hereto.

“Series 2007A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2007A (Housing Project) described in Schedule A hereto.

“Series 2007B Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2007B (Student Union Project) described in Schedule A hereto.

“Series 2007C Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2007C (Parking Project) described in Schedule A hereto.

“Series 2008A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2008A (Housing Project) described in Schedule A hereto.

“Series 2009A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2009A (Parking Project) described in Schedule A hereto.

“Series 2010A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2010A (Housing Project) described in Schedule A hereto.

“Series 2010B Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2010B (Housing Acquisition Project) described in Schedule A hereto.

“Series 2011A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2011A (Housing Project) described Schedule A hereto.

“Series 2013A Bonds” shall mean the Capital Improvement Revenue Bonds, Series 2013A (Housing Project) described in Sections 1.01 hereof and Schedule A hereto.

“Sinking Fund” shall mean each trust fund created and established pursuant to Section 5.02 hereof.

“Special Tender Option” shall mean the right of an Owner of Bonds bearing interest at a Commercial Paper or Multiannual Rate to tender the Bonds upon substitution of a Credit Facility with an Alternate Credit Facility as described in Section 3.11 hereof.

“State” shall mean the State of Florida.

“STING” shall mean STI Institutional & Government, Inc., and its successors and assigns, as the Owner of STING Rate Bonds.

“STING Agreement” shall mean a credit or loan agreement relating to a series of STING Rate Bonds between the Issuer and STING.

“STING Default Rate” shall mean the lesser of (a) 18% and (b) the Maximum Rate.

“STING Margin Rate Factor” shall mean the greater of (a) 1.00 and (b) a fraction, the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase (or decrease) from time to time effective as of the effective date of any decrease (or increase) in the Maximum Federal Corporate Tax Rate, but in no event shall the Margin Rate Factor be less than 1.00; *provided*, however, that (i) in the event of an increase in the Maximum Federal Corporate Tax Rate, the STING Margin Rate Factor shall not decrease unless and until the Issuer shall have furnished notice of such increase in the Maximum Federal Corporate Tax Rate to STING and the Trustee, and in such event, the resulting decrease in the STING Margin Rate Factor shall become effective as of the later of (1) the thirtieth (30th) day preceding the delivery of such notice and (2) the effective date of the increase in the Maximum Federal Corporate Tax Rate and (ii) in the event of a decrease in the Maximum Federal Corporate Tax Rate, the STING Margin Rate Factor shall not increase unless and until STING shall have furnished notice of such

decrease in the Maximum Federal Corporate Tax Rate to the Issuer and the Trustee and in such event, the resulting increase in the STING Margin Rate Factor shall become effective as of the later of (1) the thirtieth (30th) day preceding the delivery of such notice and (2) the effective date of the decrease in the Maximum Federal Corporate Tax Rate.

“STING Premium” means:

(a) If the STING Premium is calculated for any redemption occurring on or prior to July 1, 2028, the present value of the difference between (i) the amount that would have been realized by STING on the redeemed amount for the remaining term of the applicable STING Rate Bonds through July 1, 2028 at a percentage rate equal to the Federal reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to such Bonds through July 1, 2028, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to July 1, 2013 and (ii) the amount that would be realized by STING by reinvesting such prepaid funds for the remaining term of such Bonds through July 1, 2028 at the Federal Reserve H.15 Statistical release rate for fixed rate payers in interest rate swaps for such remaining term, interpolated to the nearest month, that was in effect three Business Days prior to the redemption date; both (i) and (ii) discounted at the STING Rate; or

(b) In the event STING provides written notice to the Issuer and the Trustee that STING has determined not to tender the Bonds for purchase on July 1, 2028 as provided in the definition of “STING Rate Purchase Date”, if the STING Premium is calculated for any redemption occurring after July 1, 2028, the present value of the difference between (i) the amount that would have been realized by the Registered Owner of the applicable STING Rate Bonds on the redeemed amount for the remaining term of such Bonds at a percentage rate equal to the Federal reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to such Bonds through the remaining term thereof, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to July 1, 2028 and (ii) the amount that would be realized by STING by reinvesting such prepaid funds for the remaining term thereof at the Federal Reserve H.15 Statistical release rate for fixed rate payers in interest rate swaps for such remaining term, interpolated to the nearest month, that was in effect three Business Days prior to the redemption date; both (i) and (ii) discounted at the STING Rate.

Should the present value calculated pursuant to (a) or (b) above, as applicable, have no value or a negative value, the STING Premium shall equal zero dollars. Should the Federal Reserve no longer release rates for fixed-rate payers in interest rate swaps, for purposes of calculating the STING Premium pursuant to (a) or (b) above, STING may substitute the Federal Reserve H.15 Statistical Release with another similar index. STING shall provide the Issuer with a written statement explaining the calculation of the STING Premium, which statement shall, in the absence of manifest error, be conclusive and binding.

“STING Rate” shall mean (a) with respect to the Series 2005A Bonds, 2.61% per annum and (b) with respect to the Series 2005B Bonds, 2.61% per annum, in each case multiplied by the STING Margin Rate Factor; *provided*, however, that upon the occurrence of a Determination of Taxability with respect to the Series 2005A Bonds or the Series 2005B Bonds and so long as an Event of Default shall not have occurred and be continuing, such Bonds shall thereafter bear interest at the STING Taxable Rate and upon the occurrence and during the continuation of an Event of Default hereunder, such Bonds shall bear interest at the STING Default Rate; *provided further*, however, that in no event shall the STING Rate exceed the Maximum Rate.

“STING Rate Bonds” shall mean, collectively, the Series 2005A Bonds and the Series 2005B Bonds.

“STING Rate Period” shall mean, with respect to any series of STING Rate Bonds, as applicable, each period from and including the date of commencement of the STING Rate Period to but excluding the earliest of (a) the immediately succeeding STING Rate Purchase Date for such Bonds and (b) the maturity date of such Bonds.

“STING Rate Purchase Date” shall mean, with respect to each series of the STING Rate Bonds, as applicable, July 1, 2028, unless, in the sole discretion of STING, not more than 120 days prior to such date, STING provides written notice to the Issuer and the Trustee that STING has determined not to tender such Bonds for purchase on such date, in which case such date shall no longer be a STING Rate Purchase Date with respect to such Bonds.

“STING Taxable Rate” shall mean, upon the occurrence of a Determination of Taxability, the interest rate per annum that would provide STING with the same after tax yield that STING would otherwise have received had the Determination of Taxability not occurred, taking into account the increased taxable income of STING as a result of such Determination of Taxability. STING shall provide the Issuer with a written statement explaining the calculation of the STING Taxable Rate, which statement shall be conclusive and binding upon the Issuer, absent manifest error.

“Student Union Addition” shall mean the addition of approximately 30,000 gross square feet to the student union facilities owned, operated and maintained by the University Board at the University, together with any and all improvements extensions and additions.”

“Student Union Bonds” shall mean the Bonds secured or to be secured by the Student Union Revenues.

“Student Union Revenues” shall mean those Net Revenues of the University Board derived from that certain Management and Operating Agreement, dated July 1, 2010, by and between the University Board and Follet Higher Education Group, Inc. and that certain Food Services Management Agreement, dated as of its date, by and between the University Board and Aramark Educational Services, Inc., as each may be amended and supplemented, and any revenues derived from any renewals or replacements of such contracts or from any other operating agreements or contracts relating to the use of the Student Union or any other facilities referenced in such contracts.

“Supplemental Indenture” shall mean any amendment or supplement to this Indenture becoming effective in accordance with the terms of Article XI hereof, including, without limitation, as supplemented by the appendices attached hereto.

“Term Bonds” shall mean the Bonds of a series all of which are stated to mature on one date and which are subject to mandatory redemption from Amortization Requirements deposited in the Redemption Account.

“Trust Estate” shall mean all revenues and assets granted to the Trustee hereunder or hereafter granted for the benefit of the Owners and/or the Credit Facility Provider and the Bond Insurer.

“Trustee” shall mean the entity named as such in the heading of this Indenture until a successor replaces it; and after that means the successor.

“U.S. Government Obligations” shall mean the following obligations:

(a) direct obligations of the United States for which its full faith and credit are pledged;

(b) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as to full and timely payment as a full faith and credit obligation of the United States; and

(c) specified portions (such as principal or interest) of obligations described in clause (a) above that have been stripped by the United States Treasury. Except for purposes of Article VIII hereof, money market mutual funds shall qualify as U.S. Government Obligations so long as such money market mutual funds are rated in the highest Rating Category of each Rating Agency then rating the Bonds and, if rated by S&P, so long as such money market mutual funds are rated AAAM.

“University” shall mean Florida Gulf Coast University.

“University Board” shall mean The Florida Gulf Coast University Board of Trustees.

“Variable Rate” shall mean, as the context requires, the Daily, Weekly or Multiannual Rate applicable to all or a portion of a series of Bonds.

“Variable Rate Conversion Date” shall mean the day on which all or a portion of a series of the Bonds are converted to bear interest at a Variable Rate pursuant to Section 3.03 hereof.

“Variable Rate Period” shall mean each period during which all or a portion of a series of the Bonds bear interest at a specific Variable Rate.

“Weekly Rate” shall mean the interest rate to be determined for all or a portion of a series of the Bonds for each Weekly Rate Period pursuant to Section 3.02(d) hereof.

“Weekly Rate Conversion Date” shall mean the day on which all or a portion of a series of the Bonds are converted to bear interest at a Weekly Rate pursuant to Section 3.03 hereof.

“Weekly Rate Period” shall mean each period during which all or a portion of a series of the Bonds bear interest at a Weekly Rate.

Except where indicated, references to Articles and Sections are to the Articles and Sections of this Indenture.

Section 1.04 Use of Words and Phrases. “Herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Indenture as a whole and not solely to the particular portion thereof in which any such word is used. Unless the context dictates otherwise, all definitions set forth in Section 1.03 hereof are meant to include both singular and plural usages. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.05 Date of Indenture. The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that the Bonds were executed, delivered or issued on said date or that this instrument was executed and delivered on said date.

ARTICLE II

THE BONDS

Section 2.01 Issuance of Bonds; Form; Dating; CUSIP Numbers.

(a) The Indenture secures the Outstanding Bonds and any Additional Bonds issued hereunder as listed in Schedule A hereto, as the same may be amended and supplemented from time to time. A continuing pledge of the Trust Estate is provided by this Indenture to secure the full and final payment of the principal of, redemption premium, if any, and interest on all of the Bonds as the same shall become due and payable. The Bonds may have notations, legends or endorsements required by law or usage. All Bonds bearing interest at Daily, Weekly, Multiannual or Commercial Paper Rates shall initially be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. All Bonds bearing interest at Fixed Rates shall be in denominations of \$5,000 or integral multiples thereof. All Bonds bearing interest at a STING Rate shall initially be in any denomination.

Upon the execution and delivery of this Indenture, the Issuer may issue Bonds from time to time in the form of a single Bond for each series thereof (and for each maturity of a series (and for each interest rate within a maturity) during a Multiannual Rate or Fixed Rate Period) executed in its name and delivered to the Trustee as the transfer agent of the Depository pursuant to the FAST method of delivery and deposit. The Bonds (other than STING Rate Bonds) shall be substantially in the form as set forth in Exhibit A-1 hereto and shall be dated the date of their initial delivery, shall mature on such dates and be subject to mandatory redemption in accordance with Article IV hereof, as set forth in Schedule A hereto, and as set forth in the related exhibits for a series of Bonds attached hereto, which are hereby incorporated and made a part of the Indenture. Upon receipt of payment for the Bonds, the Trustee shall authorize the Depository to credit the account of the purchasing Participant with an interest in the Bonds as more fully described in Section 2.02 hereof. STING Rate Bonds shall be substantially in the form as set forth in Exhibit A-2 hereto and shall be dated the date of their initial delivery, shall mature on such dates and be subject to mandatory redemption as set forth in Schedule A hereto.

CUSIP numbers (if then generally in use), may be used to identify a specific series of Bonds. In such event, the Trustee shall use CUSIP numbers to further identify such Bonds in notices to Owners provided that the effectiveness thereof shall not be affected by any errors in identification. In addition, in the event that different interest rate modes are selected within such series, such interest rates shall be designated with appropriate sub-series designations and separate CUSIP numbers. No CUSIP numbers will be required for STING Rate Bonds.

Each series of Additional Bonds may be secured by (i) a separate Credit Facility unless the particular Credit Facility securing a series of the Outstanding Bonds is amended to provide for payment of such series of Additional Bonds, or (ii) a Bond Insurance Policy; failing such, the Owners of a series of Bonds shall have no interest in funds drawn under the Credit Facility or proceeds of a Bond Insurance Policy securing or insuring any other series of the Bonds. Upon the issuance of any series of Additional Bonds, the Trustee shall establish separate accounts or subaccounts for such series of Additional Bonds in each of the funds and accounts created under this Indenture and the Trustee shall not commingle moneys deposited on account of such Additional Bonds with moneys held on account of any other series of Bonds.

Schedule A hereto shall be amended and supplemented from time to time to identify the current interest modes, Credit Facility Providers, and any other terms specific to the Bonds of each series secured under the Indenture.

THE BONDS AND ALL PAYMENTS BY THE ISSUER THEREUNDER ARE GENERAL OBLIGATIONS OF THE ISSUER AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE ON A PARITY WITH THE OUTSTANDING BONDS, SUBJECT TO THE LIMITATIONS HEREUNDER AND UNDER THE OPERATING LEASE. NO COVENANT OR AGREEMENT IN THE BONDS, THE INDENTURE AND NO OBLIGATION HEREIN OR THEREIN IMPOSED UPON THE ISSUER SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE ISSUER NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.

(b) Bonds bearing interest at Daily, Weekly, Multiannual or Commercial Paper Rates, unless otherwise stated at the time of issuance, shall be secured by a Credit Facility issued by a Credit Facility Provider under the terms of a Credit Facility Agreement.

Section 2.02 Book-Entry System and Transfer of Non Book-Entry Bonds.

(a) The Bonds, initially in printed or typewritten form, shall be made payable to Cede & Co., as nominee of The Depository Trust Company ("DTC"), which shall be considered to be the Owner for all purposes of this Indenture, including, without limitation, payment by the Issuer of principal of, premium, if any, and interest on the Bonds, and receipt of notices and exercise of rights of an Owner.

There shall be a single Bond for each series thereof (and for each maturity of a series (and for each interest rate within such maturity) during a Multiannual Rate or Fixed Rate Period) that shall be immobilized in the custody of DTC with the Owners having no right to receive the Bonds in the form of physical securities or bonds. Ownership of interests in the Bonds shall be shown by book-entry on the system maintained and operated by DTC and its Participants, and transfers of ownership of interests shall be made only by DTC and its Participants, by book-entry, the Issuer having no responsibility therefor. DTC is expected to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are expected to maintain records of the purchasers of interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

If DTC or any successor entity determines not to continue to act as a Depository for the Bonds for use in a book-entry system, the Issuer may, with the consent of the owners of the interest of a majority in aggregate principal amount of affected Bonds then Outstanding, attempt to have established a Depository/book-entry system relationship with another qualified Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver the Bonds in fully registered form to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing definitive Bonds) of the Issuer. Upon the written request of 100% of the Owners of the affected Bonds then Outstanding, the Trustee shall withdraw the Bonds from the Depository and authenticate and deliver the Bonds fully registered in the name of the assignees of the Depository or its nominee.

NONE OF THE ISSUER, A CREDIT FACILITY PROVIDER, A BOND INSURER, AND THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO THE

PAYMENTS TO OR THE PROVIDING OF NOTICES (INCLUDING NOTICES OF REDEMPTION) TO THE DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR OWNERS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE OWNER OF RECORD, REFERENCE HEREIN TO THE OWNER OR OWNER OF RECORD OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE OWNERS OF THE BONDS.

In order to induce DTC to act as Depository for the Bonds, the Issuer and the Trustee shall execute and deliver a Blanket Issuer Letter of Representations and Operational Arrangements Letter, respectively, each in standard form approved by DTC (collectively, the "Letter of Representations"). The Trustee shall take all action necessary to comply with the terms of the Letter of Representations. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of DTC or its nominee, all payments with respect to principal or premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

(b) Upon surrender for transfer of any Non Book-Entry Bonds at the Delivery Office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Non Book-Entry Bond in authorized denominations for a like aggregate principal amount. The Trustee may require, by the Owner of the Non Book-Entry Bond requesting exchange or transfer, the payment of any tax or other governmental charge required to be paid with respect to such exchange or transfer. STING Rate Bonds shall be Non Book Entry Bonds.

(c) Notwithstanding anything herein to the contrary, STING Rate Bonds shall not be transferred or registered therefor unless there shall have been delivered to the Issuer and the Trustee a duly executed investor letter addressed to the Issuer and the Trustee and executed by a duly authorized officer of the transferee in the form attached hereto as Exhibit A-3; provided, however, that STING may assign all or a portion of any STING Rate Bond to an affiliate of STING without the delivery of such investor letter, but no such assignment shall be valid unless and until the Issuer and the Trustee shall have received prior written notice of such transfer from STING.

Section 2.03 Execution and Authentication. The Bonds shall be executed with the manual or facsimile signature of the Issuer Representative and attested by the manual or facsimile signature of the Secretary or other Issuer Representative. The Issuer's seal (or a facsimile thereof), if any, will be reproduced on the Bonds. In case any officer of the Issuer whose signature or facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Any Bond signed by an officer of the Issuer on the date of execution shall be deemed validly signed even though such signatory may not have been an officer of the Issuer on the dated date of such Bonds.

A Bond will not be valid until a Responsible Officer of the Trustee manually signs the certificate of authentication on the Bond. Only such authenticated Bonds shall be entitled to any right or benefit under this Indenture. Such signature shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

Section 2.04 Payments of Purchase Price, Principal, Redemption Price and Interest; Persons Entitled Thereto.

(a) The purchase price, interest on and the principal or redemption price of the Bonds shall be payable in lawful money of the United States of America, in immediately available funds delivered or transmitted to (i) the Depository or nominee thereof that was the holder of the Bond at the close of business on the Record Date applicable or (ii) in the case of Non Book-Entry Bonds, the registered Owner at the close of business on the Record Date.

(b) Subject to the further provisions of Article III hereof, each Bond shall bear interest and be payable as follows:

(i) Each Bond shall bear interest (at the applicable rate determined pursuant to Article III hereof) (A) from the date of authentication, if such date is the date of original issuance of the Bonds, (B) from the date of authentication, if authenticated on an Interest Payment Date to which interest has been paid, or (C) from the last preceding Interest Payment Date to which interest has been paid in all other cases.

(ii) The amount of interest so payable on any Interest Payment Date shall be computed (A) on the basis of a 365/366 day year for the number of days actually elapsed during Commercial Paper, Daily and Weekly Rate Periods or (B) on the basis of a 360-day year of twelve (12) thirty (30) day months during Multiannual Periods, STING Rate Periods and Fixed Rate Periods.

Section 2.05 Depository Treated as Bond Owner. When a Book-Entry System is in effect, the Depository and not the Owners shall be deemed the absolute owner of the Bond for all purposes, and payment of principal, interest or purchase price will be made only to or upon the written order of the Depository; provided this Section shall not apply to Non Book-Entry Bonds.

Section 2.06 Acts of Owners. Any action to be taken by Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Owners in person or by their agents appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgments or by an affidavit of a witness to such execution. Any action by the Owners shall bind all future Owners in respect of anything done or suffered by the Issuer or the Trustee in pursuance thereof.

Section 2.07 Additional Bonds. Additional Bonds that are Housing System, Parking System or Student Union Bonds may be issued from time to time under this Indenture on a parity with and with the same benefit and security of this Indenture as to all other Housing System, Parking System or Student Union Bonds, respectively, issued hereunder. Except as set forth in Section 2.08 hereof, such Additional Bonds shall not be secured by, and the Owners of such Additional Bonds shall have no interest in, funds drawn under any Credit Facility or proceeds of a Bond Insurance Policy securing any other series of Bonds unless specifically provided by a Supplemental Indenture executed prior to the delivery of such series of Bonds. The Trustee shall establish separate subaccounts for such Additional Bonds in each of the funds created under this Indenture and the Trustee shall not commingle moneys deposited on account of such Additional Bonds with moneys held on account of any other series of Bonds.

Additional Bonds shall be dated such date, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times, as may be determined by the Issuer and expressed from time to time in one or more Supplemental Indentures, as provided in a resolution of the Issuer approving such Additional Bonds. Such Supplemental Indenture or resolution shall describe in brief and general terms the purpose of such

Additional Bonds including any Improvements to be acquired or constructed and estimating the Cost thereof.

Before Additional Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

(1) a copy, certified by an authorized officer of the Issuer, of each resolution adopted by the Issuer authorizing the execution and delivery of any amendments or supplements or amendments to this Indenture, the Ground Lease, the Phase XI Ground Lease and the Operating Lease, the issuance of such Additional Bonds in the amount specified therein and providing for the maturities, the redemption dates and prices and any Amortization Requirements for such Additional Bonds, and providing for the award of such Additional Bonds, designating the paying agents for such Additional Bonds, specifying or providing for the establishment of the interest rate or rates of such Additional Bonds and directing the authentication and delivery of such Additional Bonds to or upon the order of the purchasers upon payment of the purchase price therein set forth;

(2) an opinion of counsel to the Issuer addressed to the Trustee stating that the signer is of the opinion that the issuance, execution and delivery of such Additional Bonds and the execution and delivery of any amendments or supplements to this Indenture have been duly and validly authorized by the Issuer and do not violate the terms of this Indenture, that such Additional Bonds and any amendments or supplements to this Indenture is in the form so authorized and has been duly executed by the Issuer and that, assuming proper authorization and execution by the other parties thereto, any such modifications or amendments are valid and binding in accordance with their terms, as so modified or amended;

(3) if appropriate, an opinion of counsel to the University Board addressed to the Trustee to the effect that the execution and delivery of any modifications to the Ground Lease, Phase XI Ground Lease and Operating Lease have been duly and validly authorized by the University Board;

(4) if necessary, an executed counterpart of any supplements and amendments to the Ground Lease, Phase XI Ground Lease or Operating Lease permitted by this Indenture to be entered in connection with the Improvements;

(5) executed counterparts of any supplements modifying or amending this Indenture;

(6) an Opinion of Tax Counsel, addressed to the Issuer, the Credit Facility Provider or Bond Insurer, as applicable, and to the Trustee, to the effect that such Additional Bonds are legal and valid and that under existing law, regulations, rulings and court decisions, the issuance and sale of such Additional Bonds will not result in interest on any Outstanding Bonds becoming includable in the gross income of the holders thereof for federal income tax purposes;

(7) if the Additional Bonds are to be secured by a Credit Facility, an opinion of counsel to the Credit Facility Provider addressed to the Trustee that the Credit Facility has been duly authorized, executed and delivered and is a valid and binding obligation of the Credit Facility Provider enforceable in accordance with its terms;

(8) if Additional Bonds will be secured under the same Credit Facility as any Outstanding Bond, a letter from the Rating Agency confirming that the rating on such Outstanding Bonds will not be reduced or withdrawn;

(9) a certificate of an authorized officer of the Issuer that the Issuer is not in default under any of the Bond Documents;

(10) such additional documents or other items as required of the applicable Supplemental Indentures, if any; and,

When the documents mentioned above in this Section 2.07 shall have been filed with the Trustee and the requirements of this section have been met and when the Additional Bonds described in the resolution required in clause (1) above shall have been executed and authenticated as required by this Indenture, the Trustee shall instruct the Depository to release the Bonds to the order of the purchasers, but only against payment to the Trustee of the purchase price of such Additional Bonds; provided, however that if such Additional Bonds are STING Rate Bonds, the Trustee shall authenticate and deliver such Bonds to STING. The Trustee shall be entitled to rely upon such resolution as to the names of the purchasers, the initial Rate Period of such Additional Bonds (if applicable) and the amount of such purchase price.

Prior to the issuance of any Additional Bonds that will be Housing System Bonds, the Issuer shall furnish the Trustee with the written consent of each Credit Facility Provider of any Credit Facility and each Bond Insurer for any Bond Insurance Policy then in effect, securing such Housing System Bonds; provided that no such consent shall be necessary if after issuance of such Housing System Bonds, the Housing System Revenues, taking into account the projected revenues and expenses of the Capital Project being financed, will be at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on the Housing System Bonds then Outstanding and the Housing System Bonds proposed to be issued. When the consent of a Credit Facility Provider is required, such consent may be conditioned on the execution and delivery of an intercreditor agreement satisfactory in all respects to each Credit Facility Provider that must consent.

Prior to the issuance of any Additional Bonds that will be Parking System Bonds, the Issuer shall furnish the Trustee with the written consent of each Credit Facility Provider of any Credit Facility and each Bond Insurer for any Bond Insurance Policy then in effect, securing such Parking System Bonds; provided that no such consent shall be necessary if after issuance of such Parking System Bonds, the Parking System Revenues, taking into account the projected revenues and expenses of the Capital Project being financed, will be at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on the Parking System Bonds then Outstanding and the Parking System Bonds proposed to be issued. When the consent of a Credit Facility Provider is required, such consent may be conditioned on the execution and delivery of an intercreditor agreement satisfactory in all respects to each Credit Facility Provider that must consent.

Prior to the issuance of any Additional Bonds that will be Student Union Bonds, the Issuer shall furnish the Trustee with the written consent of each Credit Facility Provider of any Credit Facility and each Bond Insurer for any Bond Insurance Policy then in effect, securing such Student Union Bonds; provided that no such consent shall be necessary if after issuance of such Student Union Bonds, the Student Union Revenues, taking into account the projected revenues and expenses of the Capital Project being financed, will be at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on the Student Union Bonds then Outstanding and the Student Union Bonds proposed to be issued. When the consent of a Credit Facility Provider is required, such consent may be conditioned on the execution and delivery of an intercreditor agreement satisfactory in all respects to each Credit Facility Provider that must consent.

Notwithstanding the foregoing, Additional Bonds may not be issued on a parity with, subordinate to, or senior to the Series 2003 Bonds and Series 2007A Bonds as to the pledge of Housing System Revenues or on a parity with, subordinate to, or senior to the Series 2007C Bonds as to the pledge of Parking System Revenues without the prior written consent of the Bond Insurer insuring the referenced

series of Bonds so long as the Bond Insurance Policy remains in effect for the referenced series of Bonds and no Bond Insurer Default shall exist with respect to such series of Bonds.

Section 2.08 Additional Bonds Secured by Same Credit Facility. If the Credit Facility securing the Bonds is increased in an amount to accommodate payment of the Additional Bonds to be issued, the Supplemental Indenture may provide for a commingling of funds for purposes of payment and security of each series. In such event no conversion to a Fixed Rate shall be allowed unless all Bonds so secured shall be so converted.

Section 2.09 Mutilated, Lost or Destroyed Bonds. If any Bonds not held in a Book-Entry System have been mutilated, lost or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Owner, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond but only if the Owner has paid the reasonable expenses and charges of the Issuer and the Trustee in connection therewith (including attorney's fees, costs and expenses, if any) and, in the case of a lost or destroyed Bond, (a) filed with the Trustee evidence satisfactory to the Trustee that such Bond was lost or destroyed and (b) furnished to the Trustee and the Issuer indemnity satisfactory to each. If any such Bond has matured or been called for redemption and is payable, instead of issuing a new Bond, the Trustee may pay the same without issuing a replacement.

ARTICLE III

INTEREST RATE PERIODS; CONVERSIONS TO DIFFERENT PERIODS; REQUIRED PURCHASE EVENTS

Section 3.01 Initial Interest Rate Period; Conversions to Other Rate Periods; Continuing Disclosure.

Bonds bearing interest at a Variable Rate shall initially bear interest at the rate as determined by the applicable Remarketing Agent on the date of issuance and from time to time in accordance with the provisions of Section 3.02(b).

(a) Reference is made to Schedule A hereto which shall be amended and supplemented as necessary to indicate the Rate Period in effect for each series of Bonds or portion thereof.

(b) The Rate Period applicable to all or a portion of a series of the Bonds may, at the option of the Issuer, with the written consent of the applicable Credit Facility Provider, or the Bond Insurer (subject to Section 3.03(e)), be converted to or from a Daily, Weekly, or Multiannual Rate Period (with one or more Multiannual Rate Periods), or Commercial Paper Rate Period, or to a Fixed Rate Period, pursuant to the following Sections 3.02 through 3.11, except as provided in Section 3.02(a)(iii) and Section 3.02(a)(iv).

(c) No conversion of a portion of a series of Bonds shall be permitted if the converted portion or the remaining balance of such series has a principal amount of less than \$1 million and no conversion to a Daily, Weekly or Commercial Paper Rate Period shall be permitted unless a Credit Facility has been delivered to the Trustee in a maximum stated amount not less than (i) the principal amount of the then Outstanding Bonds of such series in such modes plus (ii) interest thereon for the period required to obtain a rating on such series of Bonds computed at the Maximum Rate.

(d) The Issuer may cancel, at any time prior to conversion, the exercise of an option to convert the Rate Periods applicable to all or a portion of the Bonds pursuant to the applicable provisions of this Article III. The Issuer shall give written notice of cancellation of any such conversion to the applicable Remarketing Agent, the Trustee, the Rating Agency, the applicable Bond Insurer and the applicable Credit Facility Provider, as soon as possible but not later than 12:00 noon on the Business Day prior to the proposed Conversion Date. Upon notice of such cancellation of conversion, the Trustee shall immediately send (by registered or certified mail, telephonically confirmed fax or electronically confirmed e-mail, or overnight delivery) a written notice of cancellation of the conversion (in the form provided by the Issuer) to the Credit Facility Provider or the Bond Insurer and the Depository.

Section 3.02 Rate Periods; Daily Rates; Weekly Rates; Multiannual Rates.

Description of Rate Periods

(a) **Rate Periods in General.** The following describes in general terms the various interest Rate Periods. Reference is made to subsequent paragraphs for language specific to each mode.

The Bonds bear interest that is payable on each **Interest Payment Date** to the **Depository** which then electronically transfers payments to the Participants' accounts in the Book-Entry system as of the **Record Date** for the relevant Interest Payment Date. Non Book-Entry Bonds bear interest that is payable on each Interest Payment Date to the registered holder thereof as of the Record Date for the relevant Interest Payment Date. The frequency of interest rate adjustments, referred to herein as the **Rate Periods**, may be determined by election of the Issuer. The actual interest rate borne by the Bonds is determined and announced by the Remarketing Agent in the manner described in this Article. The effective date of any change in **Rate Periods** is called a **Conversion Date**.

The **Rate Periods** are classed into four subgroups, **Variable Rate**, **Commercial Paper Rate**, **Fixed Rate** and **STING Rate**, as follows:

(i) **Variable Rate Periods:**

- (1) **Daily** – A new interest rate is announced daily.
- (2) **Weekly** – A new interest rate is announced weekly.
- (3) **Multiannual** – A new interest rate is announced for a set multiple of years.

(ii) **Commercial Paper Rate Period** – An interest rate is established for a set amount of Bonds that are sold for par value at the beginning of each Commercial Paper Rate Period established for the particular Bonds and repurchased at the end of the Commercial Paper Rate Period for par. The duration of each Commercial Paper Rate Period and the interest rate are established by the Remarketing Agent at the time of sale. Unlike other Rate Periods, during a Commercial Paper Rate Period, repayment terms and interest rates for any given principal amount of Bonds may differ from that set for any other Bonds.

(iii) **Fixed Rate Period** – The interest is fixed and remains in effect until payment or redemption. Once a series of Bonds are converted to a Fixed Rate, no further conversion of the Rate Period may occur with respect to such series of Bonds.

(iv) **STING Rate Period** – The interest rate is fixed (except for adjustments due to a change in the Maximum Federal Corporate Tax Rate, a Determination of Taxability and an Event of Default) and remains in effect until the related series of STING Rate Bonds matures or the principal amount thereof is earlier redeemed. No conversion of the Rate Period may occur with respect to STING Rate Bonds, and no Bonds not bearing interest at a STING Rate as of the effective date hereof may be converted to a STING Rate Period. Commencing on July 1, 2013, the Series 2005 Bonds shall bear interest at the respective STING Rates.

Announcement of Rate Period

(b) **Announcement by Remarketing Agent.** Subject to the further provisions of this Article III with respect to particular Variable Rates or conversions between Rate Periods, the Variable Rate to be applicable to Bonds during any Variable Rate Period shall be announced by the Remarketing Agent in accordance with the following criteria:

(i) In each case, the Variable Rate for the Variable Rate Period in question shall be determined by the Remarketing Agent on the date or dates and at the time or times required pursuant to subsection (c), (d) or (e) below, whichever is applicable.

(ii) The Variable Rate shall be the lowest rate of interest that, in the judgment of the Remarketing Agent, would cause the Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of announcement; provided that, (A) if the Remarketing Agent fails for any reason to announce or notify the Trustee of the Variable Rate for any Variable Rate Period when required hereunder, the Variable Rate for such period shall be deemed to be the Variable Rate then in effect; and (B) in no event shall the Variable Rate for any Variable Rate Period exceed the Maximum Rate.

(iii) All announcements, communications and determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the Issuer, the Trustee, the Credit Facility Provider, the Bond Insurer, and the Owners of the Bonds to which such rates are applicable. The Issuer, the Trustee, the Paying Agent, the Credit Facility Provider, the Bond Insurer, if any, and the Remarketing Agent shall not be liable to any Owner for failure to give any notice required above or for failure of any Owner to receive any such notice.

Determination of Rates During Each Rate Period

(c) **Daily Rates.** A Daily Rate shall be established for each Daily Rate Period as follows:

(i) Daily Rate Periods shall commence on and include each Business Day and shall extend to, but not include, the next succeeding Business Day.

(ii) The Daily Rate for each Daily Rate Period shall be effective from and including the commencement date thereof and shall remain in effect to, but not including, the next succeeding Business Day. Each Daily Rate shall be announced by the Remarketing Agent no later than 9:30 a.m., on each Business Day, and by the close of business on Friday of each calendar week, or next succeeding Business Day if Friday is not a Business Day. The Remarketing Agent shall communicate to the Trustee the Daily Rates announced for the week ending on such Friday; provided further that, not later than 12:30 p.m. on the last Business Day of each month, the Remarketing Agent shall communicate to the Trustee the Daily Rates announced since the immediately preceding Friday.

(d) Weekly Rates. A Weekly Rate shall be determined for each Weekly Rate Period as follows:

(i) Weekly Rate Periods shall commence initially on the date of issuance and thereafter on Thursday of each week and shall end on the following Wednesday, whether or not such day is a Business Day; except that in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period or from a Commercial Paper Rate Period, the initial Weekly Rate Period for Bonds shall commence on the applicable Weekly Rate Conversion Date from such other Variable Rate Period or Commercial Paper Rate Period and end on the Wednesday immediately following such Weekly Rate Conversion Date. All conversions from a Weekly Rate Period shall occur on a Conversion Date.

(ii) The Weekly Rate for each Weekly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Each Weekly Rate shall be announced by the Remarketing Agent before 5:00 p.m., on Wednesday of each calendar week, or the immediately preceding Business Day, if such Wednesday is not a Business Day, and communicated to the Trustee by the Remarketing Agent by the close of business on the day such rate is announced.

(e) Multiannual Rates. A Multiannual Rate shall be determined for each Multiannual Rate Period as follows:

(i) Multiannual Rate Periods shall (A) commence initially on the Multiannual Rate Conversion Date, and (B) end on the last day preceding either (a) the commencement date of the following Multiannual Rate Period or (b) the Conversion Date or Multiannual Rate Adjustment Date on which a different Rate Period shall become effective.

(ii) The Multiannual Rate for each Multiannual Rate Period shall be effective from and including the commencement date of such period and remain in effect through and including the last day thereof. On a Business Day not later than the second Business Day preceding the commencement date of such period the Remarketing Agent shall determine the tentative Multiannual Rate and notify the Trustee by telephone (promptly confirmed in writing), telegram, telex, telecopy or other similar communication. The Trustee shall notify the Credit Facility Provider and the Issuer of such tentative rate not later than the Business Day preceding the commencement date of the Multiannual Rate Period.

(iii) Not later than the Business Day immediately preceding the commencement date of such Multiannual Rate Period, the Remarketing Agent shall determine the Multiannual Rate and shall inform the Issuer, the Credit Facility Provider and the Trustee of the actual Multiannual Rate that will be applicable to each Bond as of the commencement date of such period; provided that in no event may the Multiannual Rate so established exceed the Maximum Rate.

(iv) At the time of conversion of any Bonds to a Multiannual Rate, the Bonds shall be assigned a specific CUSIP number for each respective mandatory tender date that, for purposes of this Indenture, may be deemed a maturity date.

Section 3.03 Conversions Between Variable Rate Periods. The Issuer may elect to cause all or a portion of a series of Bonds to be converted from one Variable Rate Period to another as follows:

(a) Conversion Date. The Conversion Date to a different Variable Rate Period shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Multiannual Rate Period to a

different Variable Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Multiannual Rate Period would otherwise have commenced pursuant to subsection 3.02(e) above.

(b) Notices.

(i) The Issuer shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Rating Agency, the Bond Insurer, if any, and the Credit Facility Provider (unless waived by all such parties in writing) not later than twenty (20) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the Variable Rate Period to which the conversion will be made, and in the case of conversion to a Multiannual Rate Period, the number of years to be included within such Multiannual Rate Period. Such notice shall also state whether the Bonds will be secured by a Credit Facility following such conversion and whether the credit rating thereon will be reduced or withdrawn following such conversion.

(ii) Not less than fifteen (15) days prior to the Conversion Date, the Trustee shall send (by registered or certified mail, telephonically confirmed fax or electronically confirmed e-mail, or overnight delivery) a written notice (in the form provided by the Issuer) of the conversion to the Credit Facility Provider and the Depository. Such notice shall:

(A) contain the information set forth in the notice from the Issuer pursuant to subparagraph 3.03(b)(i) above,

(B) set forth the dates by which the Remarketing Agent will announce and the Trustee will notify the Owners of the Variable Rate for the Variable Rate Period commencing on the Conversion Date pursuant to subsection 3.03(c) below, and

(C) the matters required to be stated pursuant to Section 3.09 with respect to purchases of Bonds on the Required Purchase Date.

(c) Variable Rate Determination. The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner and on the date provided in subsection 3.02 (c), (d) or (e) above, whichever is applicable to the Variable Rate Period to which the conversion shall be made.

(d) Opinion of Tax Counsel. Any conversion to a Multiannual Rate pursuant to this Section 3.03 shall be subject to the condition that on the Conversion Date, the Issuer shall have delivered to the Trustee, the Bond Insurer, if any, the Credit Facility Provider, and the Remarketing Agent, an Opinion of Tax Counsel satisfactory to the Credit Facility Provider to the effect that the conversion is authorized hereunder and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. If such Opinion of Tax Counsel is not delivered for any reason, the conversion shall not be effective and the Bonds shall continue to bear interest for the last effective Variable Rate Period at the Variable Rate determined by the Remarketing Agent as of the date on which the conversion was to occur. The Trustee shall promptly notify the Depository of such fact.

(e) Consent of Credit Facility Provider and Bond Insurer. Except for conversions between Weekly and Daily Rates, written consent of the Credit Facility Provider and Bond Insurer, if any, shall be obtained prior to any Conversion Date becoming effective.

(f) Multiple Variable Rates. If less than all of a series of Bonds are to bear interest at the same Variable Rate the following provisions shall apply:

(i) The Remarketing Agent shall obtain a separate CUSIP number for each Rate Period and furnish the same to the Trustee.

(ii) Not less than \$1,000,000 in principal amount of Bonds may be converted to bear interest at a separate Rate Period.

(iii) With respect to any series of Bonds secured by a Credit Facility, the Trustee shall calculate the interest due with respect to each Rate Period in effect, pursuant to Section 2.04 hereof, and draw for interest on a monthly basis for all or a portion of a series of the Bonds bearing interest at a Multiannual Rate, as provided in Section 5.08 hereof.

Section 3.04 Conversions from Commercial Paper Rate Periods. At the option of the Issuer, all or a portion of a series of the Bonds may be converted from Commercial Paper Rate Periods to a Variable Rate Period as follows:

(a) Conversion Date. The Conversion Date shall be the Interest Payment Date on which interest is payable for any Commercial Paper Rate Periods theretofore established for the Bonds to be converted pursuant to Section 3.06.

(b) Notices. The Issuer shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Rating Agency, the Bond Insurer, if any, and the Credit Facility Provider (unless waived by all such parties in writing) not later than the thirtieth (30th) day prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the type of Rate Period to which the conversion will be made, and in the case of conversion to a Multiannual Rate Period, the number of years to be included within such Multiannual Rate Period. The Trustee shall give notice of conversion (in the form provided by the Issuer) to the Depository prior to the Conversion Date in the manner prescribed by subsection 3.03(b)(ii) above. Notwithstanding the foregoing, however, no conversion shall be effected unless, prior to the date on which such notice is required to be given, the Trustee shall have received written confirmation from the Remarketing Agent to the effect that it has not established and will not establish any Commercial Paper Rate Periods extending beyond the Conversion Date and the Opinion of Tax Counsel required by Section 3.03(d) above shall be delivered on the Conversion Date. If such Opinion of Tax Counsel is not delivered for any reason, the conversion shall not be effective and the Bonds shall continue to bear interest at the Commercial Paper Rates determined by the Remarketing Agent as of the date on which the conversion was to occur. The Trustee shall promptly notify the Depository of such fact.

The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be announced and notice thereof shall be given in the same manner as if provided for conversions from one Variable Rate Period to another pursuant to subsection 3.03(b)(ii) above.

Section 3.05 Commercial Paper Rates. A Commercial Paper Rate for each Commercial Paper Rate Period shall be determined by the Remarketing Agent in the manner described in Section 3.08.

The Commercial Paper Rate Period for each Bond shall be of such duration, not exceeding two hundred seventy (270) days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 3.08 and any Bond may bear interest at a Commercial Paper Rate for a Commercial Paper Rate Period different from any other Bond; provided, that each such Commercial Paper Rate Period shall commence and terminate on a Business Day (the first rate period commencing on the Commercial Paper Rate Conversion Date). The Bonds shall always be registered in Book-Entry Form while bearing interest at the Commercial Paper Rate.

The Commercial Paper Rate for each Commercial Paper Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Each such Commercial Paper Rate shall be determined by the Remarketing Agent in connection with a sale of the Bond or Bonds to which it relates pursuant to Sections 3.08 and 3.09 hereof. Commercial Paper Rates shall be determined for Bonds at the commencement of each Commercial Paper Rate Period with respect to such Bond by the Remarketing Agent in connection with the remarketing of Bonds, by the offer and acceptance of purchase commitments for such Bonds.

Each such Commercial Paper Rate and Commercial Paper Rate Period shall be announced by the Remarketing Agent to the Trustee no later than 3:00 p.m. on the date of remarketing of such Bond and in no event shall the Commercial Paper Rate for any Commercial Paper Rate Period exceed the Maximum Rate.

Section 3.06 Conversions to Commercial Paper Rate Periods. At the option of the Issuer, all or a portion of a series of Bonds may be converted from a Variable Rate Period to Commercial Paper Rate Periods as follows:

(a) Conversion Date. In the case of a conversion from a Multiannual Rate Period, the Conversion Date shall be limited to the Multiannual Rate Adjustment Date on which a new Multiannual Rate Period would otherwise have commenced pursuant to Section 3.02(e), otherwise conversion shall occur on an Interest Payment Date.

(b) Notices. The Issuer shall give written notice of any such conversion to the Trustee, the Remarketing Agent, the Rating Agency, the Bond Insurer and the Credit Facility Provider, as applicable (unless such notice is waived by all such parties in writing), in the manner and at the time prescribed by Section 3.03(b)(i) above.

(c) Depository Notice. On a Business Day not later than fifteen (15) days prior to the Conversion Date, the Trustee shall send (by registered or certified mail, telephonically confirmed fax, or electronically confirmed email, or overnight delivery) a written notice of the conversion in the form provided by the Issuer to the Depository specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 3.03(b)(i) with respect to a Credit Facility and credit ratings and Section 3.09 with respect to purchases of Bonds governed by such Section. Notwithstanding the foregoing, however, no conversion shall be effected unless the Opinion of Tax Counsel required by Section 3.03(e) above shall be delivered on the Conversion Date. If such Opinion of Tax Counsel is not delivered for any reason, the conversion shall not be effective and the Bonds shall continue to bear interest for the last effective Variable Rate Period at the Variable Rate determined by the Remarketing Agent as of the date on which the conversion was to occur. The Trustee shall promptly notify the Depository of such fact.

Section 3.07 Conversions from Variable or Commercial Paper Rate Periods to a Fixed Rate Period. At the option of the Issuer, a series of Bonds bearing interest at a Variable Rate or Commercial Paper Rates may be converted to bear interest at Fixed Rates to their final maturity. Any such conversion shall be made as follows:

(a) Fixed Rate Conversion Date. The Fixed Rate Conversion Date shall be (i) if converted from a Daily Rate Period or a Weekly Rate Period, any Interest Payment Date, (ii) if converted from a Commercial Paper Rate Period, the last Interest Payment Date on which interest is payable at the Commercial Paper Rate for such Bonds, and (iii) if converted from a Multiannual Rate Period, any Interest Payment Date on which a new Multiannual Rate Period would begin.

(b) Fixed Rate Conversion Notice of the Issuer.

(i) The Issuer shall give written notice of any such conversion to the Trustee, the Remarketing Agent, the Rating Agency, the Bond Insurer and the Credit Facility Provider, as applicable (unless such notice is waived by all such parties in writing), not fewer than thirty-five (35) days prior to the proposed Conversion Date. Such notice shall specify the Fixed Rate Conversion Date and shall state whether the Credit Facility will remain in effect after the Fixed Rate Conversion Date and, if it is to remain in effect, the amount available under such Credit Facility. Such notice shall also state whether those Bonds not converted will be secured by a Credit Facility following such conversion and whether the credit rating thereon will be reduced or withdrawn following such conversion.

(ii) On a Business Day not fewer than thirty (30) days prior to the Fixed Rate Conversion Date, the Trustee shall send (by first class mail, confirmed fax or email, or overnight delivery) a written notice (in the form provided by the Issuer) of the conversion to the Depository specifying the Conversion Date and setting forth the matters required to be stated pursuant to the following subparagraph (c).

(c) Notice to Depository. Notice of conversion shall be given by first-class mail, confirmed fax or email, or overnight delivery, by the Trustee to the Depository. Such notice shall contain:

- (i) the proposed Fixed Rate Conversion Date;
- (ii) the dates by which the Remarketing Agent will determine and the Trustee will notify the Depository of the Fixed Rate pursuant to subsection (d) below; and
- (iii) the matters required to be stated pursuant to Section 3.09 with respect to purchases of Bonds on the Required Purchase Date.

(d) Announcement of Fixed Rate. Not later than 12:00 noon on the Business Day prior to the Fixed Rate Conversion Date the Remarketing Agent shall announce the Fixed Rates for the Bonds and notify the Trustee and the Issuer of the Fixed Rates by telephone (promptly confirmed in writing). The Fixed Rates so announced shall be the minimum rate of interest to be borne by the Bonds for the Fixed Rate Period, but which rate of interest shall not be greater than the lowest rate of interest which, in the judgment of the Remarketing Agent under prevailing market conditions, would cause the Bonds to have a market value equal to the principal amount thereof plus accrued interest thereon. The announcement of the Fixed Rates by the Remarketing Agent shall be conclusive and binding upon the Issuer, the Trustee and the Owners of the Bonds to which such rate will be applicable.

(e) Conditions to Fixed Rate Conversion. Any conversion to Fixed Rates pursuant to this Section 3.07 shall be subject to the following conditions:

(i) on the Fixed Rate Conversion Date, the Issuer shall have delivered to the Trustee, the Bond Insurer, the Credit Facility Provider and the Remarketing Agent, as applicable, an Opinion of Tax Counsel satisfactory to the Trustee to the effect that the conversion is authorized hereunder and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation; and

(ii) as of the Fixed Rate Conversion Date, sufficient funds shall be available (whether by way of drawing on the Credit Facility or otherwise) to purchase Bonds that are then required to be purchased pursuant to Section 3.10.

(iii) no conversion shall occur without the prior written consent of the Credit Facility Provider and the Bond Insurer, if any, unless Available Moneys are available to purchase Bonds that are then required to be purchased pursuant to Section 3.10.

If the foregoing conditions are not met for any reason, the conversion shall not be effective and the Bonds shall continue to bear interest at the Variable Rate (if the conversion was to have been made from a Variable Rate Period), or at Commercial Paper Rates (if the conversion was to have been made from Commercial Paper Rate Periods), in each case determined by the Remarketing Agent as of the date on which the conversion was to occur.

(f) Credit Facility Requirements following Fixed Rate Conversion. No series of Bonds may be converted to a Fixed Rate unless (i) such series of Bonds shall continue to be secured by the existing Credit Facility (notwithstanding, Bonds may be converted to a Fixed Rate without being secured by the existing Credit Facility provided written evidence is provided to the Trustee from each Rating Agency then rating the Bonds stating that such conversion will not result in a reduction or withdrawal of the Rating on the remaining Outstanding series of Bonds), or (ii) all series of Bonds are converted to a Fixed Rate and are no longer secured by a Credit Facility.

(g) Notwithstanding any provision to the contrary herein, upon a conversion to Fixed Rates, the Bonds so converted may be resold at a market premium or a market discount from the stated principal amount of such Bonds.

Section 3.08 Required Purchase During Commercial Paper Rate Periods.

(a) Purchase Dates. Each Bond bearing interest at a Commercial Paper Rate shall be subject to required purchase on the first Business Day succeeding the last day of the Commercial Paper Rate Period at a purchase price equal to 100% of the principal amount thereof. Each subsequent Commercial Paper Rate Period and Required Purchase Date for a Bond shall be established on the Required Purchase Date of such Bond as hereinafter provided. The purchase price for Bonds shall be wired to the Depository by 2:45 p.m. on the Required Purchase Date.

(b) Remarketing of Surrendered Bonds; Establishment of Commercial Paper Rate Periods. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Bonds bearing interest at Commercial Paper Rates required to be surrendered for purchase. In remarketing the Bonds, the Remarketing Agent shall offer and accept purchase commitments for the Bonds for such Commercial Paper Rate Periods and at such Commercial Paper Rates as will effect, on behalf of the Issuer and in the judgment of the Remarketing Agent under prevailing market conditions, the lowest overall debt service cost for the Issuer over the terms of the Bonds; provided, however, that the Remarketing Agent may (1) in exercising its judgment, establish Commercial Paper Rate Periods that result in interest rates for the Bonds that are higher than those that would be borne by Bonds with shorter Commercial Paper Rate Periods in order to increase the likelihood of achieving the lowest overall debt service cost to the Issuer and (2) establish different Commercial Paper Rate Periods for the Bonds on the same Required Purchase Date in order to achieve an average of Commercial Paper Rate Periods that, in its judgment, is more likely to achieve the lowest overall debt service cost to the Issuer. No Commercial Paper Rate Period may be established that exceeds two hundred seventy (270) days or, if the Remarketing Agent has received notice of any conversion to a Variable or Fixed Rate Period, the remaining number of days prior to the Conversion Date. The terms of any sale by the Remarketing Agent shall provide for sale of the Bonds at par plus accrued interest and the payment of the purchase price to the Trustee in immediately available funds, not later than 11:15 a.m. on the Required Purchase Date. In no event shall the Remarketing Agent remarket bonds to the Issuer or to a Person or entity who is, to the Remarketing

Agent's knowledge, an Insider. The provisions of Sections 4.01(c), (d), (e), (f) and (g) shall apply to the remarketing of Bonds purchased pursuant to this Section 3.08.

Section 3.09 Required Purchase Upon Conversion Dates and Multiannual Rate Adjustment Dates.

(a) Conversion to Different Rate Periods. Upon conversion of any Bonds to a different Rate Period and upon a Multiannual Rate Adjustment Date, such Bonds shall be subject to required purchase on the Conversion Date and the Multiannual Rate Adjustment Date at a purchase price equal to the principal amount thereof plus interest accrued thereon.

(b) Notice of Conversion. Any notice of a Conversion Date given to Owners pursuant to Sections 3.03, 3.04, 3.06, or 3.07 shall, in addition to the requirements of such Sections, state that the Bonds to be converted will be subject to required purchase on the Required Purchase Date.

(c) Remarketing of Tendered Bonds. The Trustee shall notify the Remarketing Agent of the principal amount of Bonds to be surrendered for purchase on the Conversion Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Bonds. The terms of any sale by the Remarketing Agent shall provide for sale of the Bonds at par plus accrued interest, if any, and the payment of the purchase price of remarketed Bonds to the Trustee in immediately available funds, at or before 11:15 a.m. on the Conversion Date or Multiannual Rate Adjustment Date. In no event shall the Remarketing Agent remarket Bonds to the Issuer, Foundation, University, University Board or to a Person or entity who is, to the Remarketing Agent's knowledge, an Insider. The provisions of Sections 4.01(c), (d), (e), (f) and (g) shall apply to remarketing of Bonds purchased pursuant to this Section 3.09.

Section 3.10 Required Purchase upon Fixed Rate Conversion.

(a) Conversion to Fixed Rates. Any Bonds to be converted to bear interest at Fixed Rates shall be subject to required purchase on the Fixed Rate Conversion Date at a price equal to 100% of the principal amount thereof plus accrued interest thereon, if any.

(b) Remarketing of Tendered Bonds. The Trustee shall notify the Remarketing Agent and the Bank, if the Credit Facility is in effect, by telephone, telegraph, telecopy, telex or other similar communication, of the principal amount of Bonds to be tendered for purchase on the Fixed Rate Conversion Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Bonds. Except as provided in Section 3.07(g), the terms of any sale by the Remarketing Agent shall provide for sale of the Bonds at par plus accrued interest and the payment of the purchase price to the Trustee of the tendered Bonds in immediately available funds at or before 11:15 a.m. on the Conversion Date. While a Credit Facility is in effect, the Remarketing Agent shall not remarket Bonds to the Issuer, Foundation, University, University Board or to a Person or entity who is, to the Remarketing Agent's knowledge, an Insider. The provisions of Sections 4.01(c), (d), (e), (f) and (g) shall apply to remarketing of Bonds pursuant to this Section 3.10.

Section 3.11 Required Purchase or Special Tender Option upon Substitution or Expiration of Credit Facility.

(a) Required Purchase. Credit Facility Bonds shall be subject to required purchase at 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase to be made from the sources and in the priority set forth in Section 4.01(e):

(i) on the fifth (5th) Business Day prior to the expiration of the Credit Facility for such Bonds, provided that no such purchase shall be required if the Credit Facility in question is renewed prior to the date of notice, pursuant to subsection 3.11(c)(ii) below;

(ii) on the effective date of a substitute Credit Facility, provided that no such purchase shall be required if the new Credit Facility is delivered prior to the date of notice, pursuant to subsection 3.11(c)(ii) below, and the Trustee shall have received, on or prior to such date, written confirmation from each Rating Agency then rating such Bonds to the effect that the rating or ratings assigned by such Rating Agency to such Bonds will not be lowered or withdrawn solely as a result of the substitution of the current Credit Facility; and

(iii) on a Business Day specified by the Trustee in the notice referred to in subsection 3.11(c)(ii) below not later than ninety (90) days after the filing of a petition of bankruptcy (or commencement of a bankruptcy or similar proceeding) by or against the Credit Facility Provider if by the sixtieth (60th) day following such occurrence, an Alternate Credit Facility has not been issued to the Trustee as provided in Section 5.07 hereof in connection with which the Trustee has received written confirmation from each Rating Agency then rating the Bonds to the effect that the rating or ratings assigned by such Rating Agency to the Bonds will not be lowered or withdrawn solely by issuance of such Alternate Credit Facility.

(b) Special Tender Option. Owners of Bonds bearing interest at a Commercial Paper or Multiannual Rate shall have twenty (20) days from the date of a notice of substitution of the Credit Facility pursuant to Section 3.11(c)(iii) to require, through delivery of written notice of special tender, that such Bonds be repurchased at par plus accrued interest to the date of purchase. Such written notice of special tender shall be delivered in the manner set forth in Section 4.01 hereof to the Trustee and the Remarketing Agent. The tendered Bonds shall be purchased not later than 5:00 p.m. on a Business Day specified by the Owner in such notice that is not more than ten (10) days following receipt by the Trustee and Remarketing Agent of such notice of tender.

(c) Notice of Required Purchase or Special Tender Option. (i) The Trustee shall immediately notify the Issuer, the Credit Facility Provider and the Remarketing Agent, in each case by telephone (promptly confirmed in writing), telegram, telecopy, telex or other similar communication, of any event actually known to the Trustee which would require a purchase pursuant to subsection 3.11(a) above.

(ii) Not later than thirty (30) days prior to the purchase date, the Trustee shall mail a written notice of the purchase to the Depository, which notice shall (a) specify the purchase date, (b) specify the event requiring the purchase pursuant to subsection 3.11(a) above, (c) specify the expiration date of the Credit Facility, if appropriate, and (d) state, if appropriate, that the expiration will result in reduction or withdrawal of the rating on the Bonds.

(iii) In the event that no purchase is required as a result of a renewal or substitution that does not result in a reduction of the ratings assigned to the Bonds, not later than thirty (30) days prior to the renewal or substitution, the Trustee shall mail a written notice to the Depository, which notice shall state the name of the new Credit Facility Provider and the anticipated date of substitution, and for Bonds that bear interest at a Commercial Paper and Multiannual Rate, that the Owners of such Bonds shall have twenty (20) days from such notice to exercise their Special Tender Option.

(d) Remarketing of Tendered Bonds. Upon any required purchase pursuant to subsection 3.11(a) above, the Trustee shall notify the Remarketing Agent and the Credit Facility

Provider, if the Credit Facility is in effect, by telephone (promptly confirmed in writing), telegram, telecopy, telex or other similar communication, of the principal amount of Bonds to be tendered for purchase. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Bonds. The terms of any sale by the Remarketing Agent shall provide for sale of the Bonds at par plus accrued interest and the payment of the purchase price to the Trustee of the tendered Bonds in immediately available funds at or before 11:15 a.m. on the Required Purchase Date. Any Bonds remarketed after the occurrence of an event described in this Section shall be accompanied by a written notice setting forth the fact that either the Credit Facility has or will expire or the amount of the Credit Facility has not been fully reinstated, and that the credit rating on the Bonds has been reduced or withdrawn. While a Credit Facility is in effect, the Remarketing Agent shall not remarket Bonds to the Issuer, Foundation, University, University Board or to a Person or entity who is to Remarketing Agent's knowledge an Insider. The provisions of Sections 4.01(c), (d), (e), (f) and (g) shall apply to remarketing of Bonds purchased pursuant to this Section 3.11.

Section 3.12 Required Purchase in Lieu of Acceleration.

(a) Credit Facility Bonds shall be subject to required purchase at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, on a date which shall be not less than five (5) Business Days prior to the termination of a Credit Facility, and in no event later than nine (9) calendar days after the Trustee's receipt of the notice of an "event of default" under the applicable Credit Facility Agreement and upon direction by the Credit Facility Provider to the Trustee to institute a mandatory tender (required purchase) of the Bonds in lieu of acceleration, to be made from the sources and in the priority set forth in Section 4.01(e) on the required purchase date (including a draw by the Trustee under the Credit Facility in accordance with its terms at the time and to the extent necessary), provided that no such tender and purchase shall be required if such acceleration shall have been rescinded as provided in Article IX of the Indenture prior to the date of notice pursuant to paragraph (b) below. The provisions of Sections 4.01 (c), (d), (e), (f) and (g) shall apply to remarketing of Bonds pursuant this Section 3.12. The provisions of Sections 4.01 (c), (d), (e), (f) and (g) shall apply to remarketing of Bonds pursuant to this Section 3.12 following reinstatement of the full amount of the Credit Facility or replacement Credit Facility.

(b) Not later than one (1) Business Day following receipt by the Trustee of a written notice from a Credit Facility Provider specifying the occurrence of an Event of Default under the Credit Facility Agreement and upon direction by the Credit Facility Provider to the Trustee to institute a mandatory tender (required purchase) of the Credit Facility Bonds in lieu of acceleration, the Trustee shall send a written notice of required purchase to the Depository, which notice shall specify that an "event of default" has occurred and the date of required purchase. At the written direction of the Credit Facility Provider to the Trustee, given not less than one (1) Business Day prior to the tender date, that the Event of Default has been cured or waived and, if applicable, that the Credit Facility has been reinstated up to the full amount available under it immediately prior to such Event of Default, the Credit Facility Bonds shall not be mandatorily tendered and the Trustee shall rescind such notice. Such direction of the Credit Facility Provider that the "event of default" has been cured or waived shall include a notice of rescission of any "event of default" under the Credit Facility Agreement.

Section 3.13 Required Purchase in the Event of Non-Reinstatement of Interest Drawn by the Trustee under the a Credit Facility.

(a) Credit Facility Bonds shall be subject to required purchase at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, on a date which shall be not more than four (4) Business Days after Trustee's receipt of a notice of non-reinstatement of interest drawn under the Credit Facility ("Event of Non-Reinstatement"). The Trustee shall institute a mandatory tender

(required purchase) of the Bonds in the Event of Non-Reinstatement, to be made from the sources and in the priority set forth in Section 4.01 (e) on the Required Purchase Date. The provisions of Sections 4.01 (c), (d), (e), (f) and (g) shall apply to remarketing of Bonds pursuant this Section 3.13 following reinstatement of the full amount of the Credit Facility or replacement Credit Facility.

(b) Not later than one (1) Business Day following receipt by the Trustee of a written notice from the Credit Facility Provider specifying that interest drawn by the Trustee under the Credit Facility will not be reinstated, the Trustee shall send a written notice of required purchase to the Depository, which notice shall specify that an Event of Non-Reinstatement has occurred and the date of required purchase.

Section 3.14 Sources of Payments of Bonds on a Required Purchase Date. Upon any Required Purchase Date, the Trustee shall make payments for the purchase price of Bonds surrendered for purchase to the Depository in immediately available funds at or before 2:45 p.m. from the following sources and in the following order: (A) moneys received as proceeds of the remarketing of such Bonds by the Remarketing Agent (except proceeds from the sale of Bonds to the Issuer or any Insider), (B) moneys drawn by the Trustee on the existing Credit Facility (initially from any moneys on deposit in the Credit Facility Account), (C) any Available Moneys and (D) other moneys made available by the Issuer. If sufficient funds are not available for the purchase of all surrendered Bonds, no purchase shall be consummated and the procedures in Section 4.02 shall be followed. The Trustee shall not have any obligation to advance its own funds for payment of surrendered Bonds. When a Credit Facility is not in effect, the Trustee will make payments of the purchase price of Bonds first from the proceeds of any remarketing of such Bonds and second from any other moneys available to the Trustee for such purchase.

Section 3.15 Required Purchase on STING Rate Purchase Date.

(a) Required Purchase. Notwithstanding any other provision of the Indenture, the STING Rate Bonds shall be subject to mandatory tender by the Owner thereof for purchase on the STING Rate Purchase Date at a price equal to the principal amount thereof plus accrued interest thereon.

(b) Delivery of Bonds. Owners shall be required to tender their STING Rate Bonds to the Trustee for purchase at or before 11:00 a.m. on the STING Rate Purchase Date, and any such STING Rate Bonds not so tendered by such time on the STING Rate Purchase Date (the "Untendered STING Rate Bonds") shall be deemed to have been tendered and purchased pursuant to this Section. In the event of a failure by an Owner to tender its STING Rate Bonds on or prior to the STING Rate Purchase Date, said Owner shall not be entitled to any payment (including any interest to accrue subsequent to the STING Rate Purchase Date) other than the principal amount thereof plus accrued interest thereon as of the STING Rate Purchase Date, and any Untendered STING Rate Bond for which funds have been set aside with the Trustee to pay the purchase price thereof shall no longer be entitled to the benefits of this Indenture, except for the purpose of payment of the principal amount thereof plus accrued interest thereon as of the STING Rate Purchase Date.

(c) Payments of Purchase Price. Upon any STING Rate Purchase Date, the Trustee shall make payments for the purchase price of STING Rate Bonds surrendered for purchase to the Trustee in immediately available funds at or before 2:45 p.m. from any moneys made available therefor by the Issuer. The Trustee shall not have any obligation to advance its own funds for payment of surrendered Bonds.

ARTICLE IV

TENDER AND REMARKETING OF BONDS; REDEMPTION PROVISIONS

Section 4.01 Tender Option During Variable Rate Periods.

(a) Notice of Tender. A Participant desiring to tender its interest in the Bonds, acting through the Depository shall notify the Trustee and the Remarketing Agent of the date and amount of such tender. Such interests will be transferred upon payment on the tender date by means of a book-entry transfer of the Participant's interests in the Bonds to the account of the Trustee (or the Remarketing Agent) maintained by the Depository.

Subsequent to such tender, such Participant shall have no further rights with respect to such tendered Bonds, except for the right to receive the purchase price thereof plus accrued interest to the purchase date.

(b) Purchase Dates. The ownership interest of any Owner of a Bond or any portion thereof (in authorized denominations) bearing interest at Daily or Weekly Rates shall be purchased by either the Trustee or the Remarketing Agent, in each instance acting as an agent of the Issuer, at a purchase price equal to 100% of the principal amount of such ownership interest (or portions thereof as aforesaid), plus accrued interest, if any, on the following purchase dates and upon the giving of the following telephonic or written notices meeting the further requirements of this subsection (b) below:

(i) Bonds bearing interest at Daily Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day during a Daily Rate Period upon written notice of tender given to the Trustee and Remarketing Agent not later than 10:15 a.m. on the purchase date.

(ii) Bonds bearing interest at Weekly Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day during a Weekly Rate Period upon delivery of a written notice of tender given to the Trustee and Remarketing Agent not later than 5:00 p.m. on a Business Day not fewer than seven (7) days prior to the purchase date.

(iii) Bonds bearing interest at Commercial Paper or Multiannual Rates may be tendered as provided in Section 3.11 upon substitution of a Credit Facility.

(c) Remarketing of Tendered Bonds. Unless otherwise instructed by the Issuer, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Bonds or portions thereof for which notice of tender has been received. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price to the Trustee for remarketed Bonds in an amount equal to par plus accrued interest in immediately available funds at or before 11:15 a.m. to the Trustee for Bonds bearing interest at a Variable Rate or Commercial Paper Rate on the purchase date. Subject to the provisions of Section 4.01(d)(iii), all amounts received in payment of the purchase price of remarketed Bonds shall be applied to the purchase of the tendered Bonds. The Issuer shall not have any interest in such moneys. Notwithstanding the foregoing, the Remarketing Agent shall not, prior to the applicable Conversion Date or a redemption date, remarket any Bond as to which a notice of conversion from one type of Variable Rate Period to another, to Commercial Paper Rate Periods or to a Fixed Rate Period or as to which a notice of redemption has been given by the Trustee unless the Remarketing Agent has advised and received acknowledgement from the Person to whom the sale is made of the forthcoming conversion

or redemption. In no event shall the Remarketing Agent remarket Bonds to the Issuer or to a Person or entity that is, to the Remarketing Agent's knowledge, an Insider.

(d) Purchase of Unremarketed Tendered Bonds or Bonds Surrendered or Purchased.

(i) Notice of Failed Remarketing. The Remarketing Agent shall give written notice to the Trustee at or before 11:15 a.m. on the Business Day fixed for purchase of tendered or surrendered Bonds bearing interest at Weekly Rates, Daily Rates, Commercial Paper Rates or Multiannual Rates, stating the principal amount of tendered or surrendered Bonds that have not been remarketed or for which remarketing proceeds have not been received.

(ii) Payment of Purchase Price from Credit Facility. The Trustee, at or before 12:00 noon on the date fixed for purchase, shall draw upon the Credit Facility in accordance with its terms an amount sufficient to pay the principal amount of, plus all accrued and unpaid interest on all tendered or surrendered Bonds for which remarketing proceeds have not been received.

(iii) Resale of Bonds Purchased with Draws Under the Credit Facility. The Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds purchased with amounts drawn under the Credit Facility at a price equal to the principal amount thereof plus accrued interest. Interests of the Credit Facility Provider in Bonds purchased from moneys drawn under the Credit Facility shall be released only if prior to such release, the Trustee shall have received written notice from the Credit Facility Provider that the Credit Facility has been reinstated in full and the Trustee has received notice of the time of such release (thereby assuring that the release will not occur prior to such reinstatement). Proceeds from the remarketing of such Bonds shall be held in a separate account, hereby created and established (the "Credit Facility Provider Account"), maintained as an Eligible Account for the account of and paid at the direction of the Credit Facility Provider. In the event the Credit Facility Provider Account ceases to be an Eligible Account, the Trustee shall immediately take such actions so as to cause the Credit Facility Provider Account to be an Eligible Account.

(e) Sources of Payments. The Trustee shall make payments for tendered or surrendered Bonds to the Depository in immediately available funds by or before 2:45 p.m. on the purchase date from the sources and in the following order: (A) moneys received by the Trustee as proceeds of the remarketing of such Bonds by the Remarketing Agent (except proceeds from the sale of Bonds to the Issuer, Foundation, University, University Board or any Insider), (B) moneys drawn by the Trustee on the existing Credit Facility (initially from any moneys previously on deposit in the Credit Facility Account up to but not exceeding the interest portion of the purchase price accrued prior to the first day of the then-current month, if any), (C) any Available Moneys and (D) other moneys made available by the Issuer. If sufficient funds are not available for the purchase of all tendered Bonds, no purchase shall be consummated and the procedures in Section 4.02 shall be followed. The Trustee shall not have any obligation to advance its own funds for payment of tendered Bonds. When a Credit Facility is not in effect, the Trustee will make payments of the purchase price of Bonds first from the proceeds of any remarketing of Bonds and second from any other moneys available to the Trustee for such purchase.

(f) Registration and Delivery of Tendered or Purchased Bonds. Ownership interests in the Bonds shall be transferred on the records maintained by the Depository to the account of the Trustee (or the Remarketing Agent), for settlement on the purchase date against receipt of funds; and if such ownership interests bear interest at a Multiannual or Commercial Paper Rate and are to be purchased prior to the next succeeding Interest Payment Date and after the Record Date in respect thereof, a due bill, payable to bearer, for interest due on such Interest Payment Date, shall be delivered to the Participant by the Owner giving notice of such tender. Transfer of the Owner's interests shall be made upon settlement as follows: (A) Bonds purchased or remarketed by the Remarketing Agent shall be registered in

accordance with the prior written instructions of the Remarketing Agent; (B) Bonds purchased with amounts drawn under the Credit Facility, if any, shall be registered in the name of the Credit Facility Provider or in the name of such other Person as the Credit Facility Provider may direct; and (C) Bonds purchased with amounts provided by the Issuer shall be cancelled.

(g) Delivery of Bonds. Anything to the contrary herein notwithstanding, so long as Bonds are registered in the name of a Depository, neither the Trustee nor any Participant shall hold or deliver physical Bonds and all such Bonds shall be held, delivered, registered and exchanged through the appropriate Book-Entry System.

Section 4.02 Inadequate Funds for Tenders. If the funds available for purchase of Bonds pursuant to Article III and this Article IV are inadequate for the purchase of all Bonds tendered on any purchase date, the Trustee shall return all moneys received for the purchase of such Bonds to the Persons providing such moneys; and notify the Issuer of the failure to make payment for tendered Bonds, except for purchases of Bonds pursuant to Section 3.15, in which case such funds shall be applied to the extent available first to the payment of the portion of the purchase price representing accrued interest and second to the portion of the purchase price representing principal, and any such Bonds not so purchased shall remain Outstanding.

Section 4.03 Optional Redemption During a Variable, STING or Commercial Paper Rate Period.

(a) When interest on the Bonds is payable at any Variable Rate (except a Multiannual Rate) the Bonds may be redeemed at par in whole, at the option of the Issuer, on any Business Day or in part on any Interest Payment Date.

(b) When interest on the Bonds is payable at a Commercial Paper or Multiannual Rate, such Bonds may be redeemed at par in whole or in part, at the option of the Issuer, on the Business Day succeeding the last day of any Commercial Paper or Multiannual Rate Period.

(c) STING Rate Bonds may be redeemed in whole or in part, at the option of the Issuer, on any Business Day at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date of redemption, plus the applicable STING Premium, if any; provided, however, that solely for the avoidance of doubt, to the extent any redemption of STING Rate Bonds required to be made pursuant to regularly scheduled principal redemptions required under a STING Agreement constitutes or is deemed to be a redemption under this Section 4.03(c), the redemption price of such redemption shall be equal to the principal amount to be redeemed plus accrued interest thereon to the redemption date and no STING Premium shall be payable.

Section 4.04 Optional Redemption at a Premium During a Fixed Rate Period. If the Rate Period on the Bonds is converted to a Fixed Rate, the Bonds thereafter may be redeemed at the option of the Issuer on any date in whole or in part as follows: If, on the date of commencement of a Fixed Rate Period, the length of such period falls within one of the entries in the Fixed Rate Period column, the Bonds will not be redeemable for the number of years after the Conversion Date shown in the No-call Period column. On and after the date on which the No-call Period ends, the Bonds may be redeemed at the percentage of their principal amount shown in the Initial Premium column. The premium will decline by 1% on each anniversary of the date on which the Bonds are first callable until the Bonds are redeemable without premium in the year indicated in the No Premium column and for any later years in the Fixed Rate Period.

Fixed Rate Period

<u>Equal to or</u> <u>Greater Than</u>	<u>But Less</u> <u>Than</u>	<u>No-call</u> <u>Period</u>	<u>Initial</u> <u>Premium</u>	<u>No Premium</u>
12 years	N/A	8 years	102%	10th year
9 years	12 years	7 years	102%	9th year
7 years	9 years	5 years	101%	7th year
5 years	7 years	3 years	101%	5th year

If the Fixed Rate Period is greater than two (2) years but less than five (5) years, the Bonds will be redeemable at 100% of their principal amount in the final year, 100-1/2% during the next-to-last year and nonredeemable before that. If the Fixed Rate Period is equal to or less than two (2) years, the Bonds will be redeemable in the final year only at 100% of their principal amount.

If the Remarketing Agent determines that remarketing the Bonds with different premiums and a different no-call period from that set forth above would, in the judgment of the Remarketing Agent, based upon prevailing market conditions, (i) enable the Bonds to be sold at 100% of their principal amount bearing a lower rate of interest, or (ii) otherwise provide financial benefit to the Issuer, then the Remarketing Agent shall so notify the Issuer and the Trustee not fewer than seven (7) days prior to the proposed Conversion Date of such different premiums and no-call period that shall be applicable as of the date of commencement of the Fixed Rate Period. Notwithstanding the foregoing, such revised premiums and no-call period determined by the Remarketing Agent shall not be effective unless the Issuer shall deliver to the Remarketing Agent and the Trustee an Opinion of Tax Counsel to the effect that the revised premiums and no-call period are authorized hereunder and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. If such opinion is not delivered for any reason, the announced premiums and no-call period shall not become effective, and redemption at the premiums and with the no-call period explicitly set forth above shall apply to the Bonds.

Section 4.05 Extraordinary Optional Redemption. When interest on the Bonds is payable at a Fixed Rate or a Multiannual Rate, the Bonds may be redeemed at a price equal to 100% of the principal amount of the Bonds being redeemed plus accrued interest thereon to the date of redemption in whole at the option of the Issuer at any time after the occurrence of any of the following:

(a) the Facilities or a substantial portion of the Facilities, financed with the Bonds, shall have been damaged or destroyed to such an extent that, in the opinion of the Issuer, (i) the required restoration and repair could not reasonably be expected to be completed within a period of six (6) months after commencement of restoration or repair, (ii) the Issuer is prevented or would likely be prevented from using such Facilities or a substantial portion thereof for its normal purposes for a period of six (6) months or more or (iii) the cost of restoration and repair would not be economically practical or desirable; or

(b) title to the whole or any part of the Facilities financed with the Bonds or the use or possession thereof shall have been taken or condemned by a competent authority to such an extent that, in the opinion of the Issuer, the Issuer is prevented or would likely be prevented from using such Facilities for its normal purposes for a period of not less than six (6) months.

Section 4.06 Redemption Notices to Trustee; Credit Agreement Mandatory Amortization.

(a) Bonds (except STING Rate Bonds) to be redeemed at the option of the Issuer shall be called for redemption by the Trustee upon receipt by the Trustee, at least forty-five (45) days prior to the redemption date, of written notice from the Issuer of the applicable optional redemption provision, the redemption date, the principal amount of Bonds to be redeemed and other necessary particulars or other items requested by the Trustee.

(b) If the Issuer determines that any Bonds be credited against any mandatory sinking fund obligation for the Bonds, the Issuer will notify the Trustee and the Credit Facility Provider in writing of the applicable provisions, the Bonds to be credited and other necessary particulars or other items requested by the Trustee and will deliver to the Trustee any Bonds in respect of which it determines to receive a credit to the extent not already delivered at least forty-five (45) days prior to the applicable redemption date.

(c) STING Rate Bonds to be redeemed at the option of the Issuer shall be redeemed by the Trustee upon receipt by the Trustee, at least five (5) Business Days prior to the redemption date, of written notice from the Issuer of the applicable optional redemption provisions, the redemption date, the principal amount of Bonds to be redeemed and other necessary particulars or other items requested by the Trustee; provided, however, that if the redemption date for STING Rate Bonds is a STING Rate Purchase Date for such Bonds, no prior notice shall be required for such redemption.

Section 4.07 Mandatory Redemption from Periodic Redemption Requirements.

(a) While the Bonds bear interest at a Variable or Commercial Paper Rate, for so long as the Credit Facility is in effect, the Trustee shall redeem the Bonds in amounts and at such times as set forth in a periodic redemption schedule attached to the applicable Credit Facility Agreement. The periodic redemption schedule contained in the applicable Credit Facility Agreement may be revised as provided in such Credit Facility Agreement, may be revised upon the institution of an Alternate Credit Facility, and may be modified or amended without the consent of the Owners of the Bonds; notwithstanding, no such modification shall become effective unless an Opinion of Tax Counsel is furnished by the Issuer to the Trustee to the effect that such change will not adversely affect the exclusion of interest on the Bonds from the gross income, for federal income tax purposes, of an owner of the beneficial interest therein. Any mandatory redemption made pursuant to a periodic redemption schedule contained in a Credit Facility Agreement shall be without premium.

(b) While the Bonds bear interest at a STING Rate, the Trustee shall redeem the Bonds in amounts and at such times as set forth in a periodic redemption schedule contained in or attached to the applicable STING Agreement. The periodic redemption schedule contained in the applicable STING Agreement may be revised as provided in such STING Agreement; notwithstanding, no such modification shall become effective unless an Opinion of Tax Counsel is furnished by the Issuer to the Trustee and STING to the effect that such change will not adversely affect the exclusion of interest on the Bonds from the gross income, for federal income tax purposes, of an owner of the beneficial interest therein. Any mandatory redemption made pursuant to a periodic redemption schedule contained in or attached to a STING Agreement shall be without premium.

Section 4.08 Mandatory Redemption From Amortization Requirements. (a) If a Fixed Rate is in effect, the Bonds shall, beginning on the Fixed Rate Conversion Date, be amortized, without premium, based upon the calculation of level debt service over the remaining life of the Bonds utilizing for such purpose the Fixed Rate determined by the Remarketing Agent. The Remarketing Agent shall, on

the Fixed Rate Conversion Date, establish serial and term Bond maturities (and related amortization installments) in such a manner as to produce the lowest overall true interest cost. Notwithstanding, no such amortization shall occur unless an Opinion of Tax Counsel is furnished to the Trustee and the Remarketing Agent to the effect that such amortization requirements will not adversely affect the exclusion of interest on the Bonds from gross income, for federal income tax purposes of an owner of the beneficial interest therein. If a Credit Facility, other than a municipal bond insurance policy, is in effect with respect to the Fixed Rate Bonds, payments of principal of and interest on such Fixed Rate Bonds shall be made solely from Available Moneys.

(b) The Series 2003 Bonds (i) include serial and term bonds, (ii) are dated August 1, 2007, (iii) mature on August 1, 2033, and (iv) are subject to optional and mandatory redemption and mature on August 1 in the years, amounts and at the interest rates as set forth in Exhibit D hereto.

(c) The Series 2007A Bonds (i) include serial and term bonds, (ii) are dated May 10, 2007, (iii) mature on February 1, 2037, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit E hereto.

(d) The Series 2007C Bonds (i) include serial and term bonds, (ii) are dated May 10, 2007, (iii) mature on February 1, 2037, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit F attached hereto.

(e) The Series 2010A Bonds (i) include serial and term bonds, (ii) are dated July 28, 2010, (iii) mature on February 1, 2040, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit G attached hereto.

(f) The Series 2010B Bonds (i) include serial and term bonds, (ii) are dated October 14, 2010, (iii) mature on February 1, 2040, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit H attached hereto.

(g) The Series 2011A Bonds (i) include serial and term bonds, (ii) are dated June 28, 2011, (iii) mature on February 1, 2041, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit I attached hereto.

(h) The Series 2013A Bonds (i) include serial and term bonds, (ii) are dated June 11, 2013, (iii) mature on February 1, 2043, and (iv) are subject to optional and mandatory redemption prior to maturity as provided in Exhibit J attached hereto.

Section 4.09 Mandatory Redemption upon Determination of Taxability. In the event of a Determination of Taxability, the Bonds (except for STING Rate Bonds) shall be redeemed on a date determined by the Trustee that is within one hundred twenty (120) days of such determination, as a whole, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, provided that no such redemption is required to be made if and so long as such determination is being appealed or otherwise contested in good faith by the Issuer who shall notify the Trustee in writing; and provided, further, that such contest shall not have continued for longer than two (2) years after the occurrence of such Determination of Taxability.

Section 4.10 Selection of Bonds to Be Redeemed. If fewer than all the Bonds are to be redeemed (except for STING Rate Bonds), the Trustee will first select Pledged Bonds and then will select the remaining Bonds by lot or other method it deems fair and appropriate. The Trustee will make the selection from Bonds not previously called for redemption. For this purpose, the Trustee will consider each Bond in a denomination larger than the minimum denomination permitted by the Bonds at the time

to be separate Bonds each in the minimum denomination. Provisions of this Indenture that apply to Bonds called for redemption also apply to portions of Bonds called for redemption as well as remaining principal balances. If fewer than all STING Rate Bonds of a series are to be redeemed, the Trustee shall first select such STING Rate Bonds to be redeemed in inverse order of scheduled maturity and within a maturity by lot or other method it deems fair and appropriate. All amounts payable to STING with respect to any STING Rate Bond shall be made without any presentment thereof, except upon payment of the final installment of principal thereof.

Section 4.11 Notice of Redemption; Accrued Interest. The Trustee shall, upon written request and direction of the Issuer, give notice of any redemption of Bonds under the terms of this Article IV to the Depository (except for STING Rate Bonds, for which notice shall be given pursuant to Section 4.11(b)); provided that, no such notice shall be sent with respect to an optional redemption to be made with a draw on the Credit Facility unless the Trustee has received the written consent of the Credit Facility Provider to such optional redemption. Except with respect to STING Rate Bonds, the failure of the Trustee to give notice shall not affect the validity of the redemption.

All notices of redemption shall state:

- (1) the redemption date and the redemption price;
- (2) the identification, including complete designation of the series or subseries of which the Bond is a part and CUSIP number;
- (3) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) maturity dates and interest rates of the Bonds to be redeemed;
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date provided that sufficient moneys to pay the principal, premium, if any, and accrued interest on the Bonds to be redeemed is available to the Trustee on the redemption date or else such redemption shall not occur;
- (5) the address where such Bonds are to be surrendered to the Trustee for payment of the redemption price and the name of a contact person and his or her telephone number;
- (6) that the redemption shall not occur unless Available Moneys are on deposit with the Trustee (except with respect to Bonds bearing interest at a Fixed Rate and no longer secured by a Credit Facility) that, together with draws available under the Credit Facility, in an amount sufficient to pay the redemption price, including premium if any, on the redemption date.

Notice of redemption of Bonds to be redeemed at the election of the Issuer shall be given by the Trustee in the name of the Issuer and at the expense of the Issuer.

Prior to the redemption of any Bonds, the Issuer shall deposit into the Redemption Account with the Trustee an amount of money sufficient to pay the redemption price of all the Bonds that are to be redeemed on such date. So long as the Credit Facility is in effect, no notice of redemption for any optional redemption pursuant to the Indenture shall be given unless at or prior to such time either (i) Available Moneys are on deposit in the Redemption Account sufficient and available to pay the principal, interest and premium, if any, of all Bonds to be redeemed, or (ii) Available Moneys are on deposit in the Redemption Account in an amount sufficient and available to pay any redemption premiums required by the Indenture, or the Credit Facility provides for the payment of such premium, and the Credit Facility

Provider has consented in writing to a draw on the Credit Facility for payment of the principal of and interest on the Bonds to be redeemed, and, if applicable, the premium.

Time and Manner of Notice. Notices described in this Section shall be given at least thirty (30) days, but not more than sixty (60) days, prior to the redemption date by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, (iii) electronically confirmed email or (iv) overnight delivery service, to:

The Depository Trust Company
55 Water Street
New York, New York 10041
Attn: Redemption Department
Facsimile transmission: (813) 470-1179

or any other notice address or facsimile number subsequently designated by DTC.

At least two (2) days before the date of the mailing required by the foregoing paragraph, such redemption notice shall be given by transmitting such filing to the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access ("EMMA") dataport at <http://emma.msrb.org> (or as otherwise directed by the MSRB pursuant to the Rule), and to the state information depository ("SID"), if any, for the State, in each case as designated by the U.S. Securities and Exchange Commission ("SEC") or any successor services. All documents filed with EMMA shall be filed electronically as word-searchable portable document format, pdf, files.

Failure to give the notices to the information services described in the preceding paragraph or any defect therein shall not in any manner affect the redemption of any Bond.

(b) The Trustee shall give notice of any redemption of STING Rate Bonds under the terms of Article IV to STING. Such notice shall be given at least two (2) Business Days prior to the redemption date by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service at the address, facsimile transmission provided herein. Failure to give the notice described in the preceding paragraph or any defect therein shall not affect the redemption of any STING Rate Bond.

Section 4.12 Payment of Bonds Called for Redemption. Bonds called for redemption shall be paid at the redemption price, plus interest accrued to but not including the applicable redemption date. Bonds called for redemption and which are required to be purchased before the redemption date will not be redeemed but will be purchased as provided in Section 4.13 hereof.

Section 4.13 Sources of Payments for Variable and Commercial Paper Rate Bonds Other Than upon Required Purchases. (a) The Trustee will make payments of the redemption price and principal of and interest on Credit Facility Bonds first, from moneys drawn under the Credit Facility pursuant to Section 5.08, second from payments made from the proceeds from the initial sale of the Bonds and related investment earnings constituting Available Moneys upon the occurrence of an Event of Default, third from any other Available Moneys, and last from any other moneys available to the Trustee. However, payments of redemption price and principal and interest on Bonds held by the Issuer or by the Trustee for the account of the Issuer (for its own account or as pledgor) will be paid only from the last category of moneys. The proceeds of investments of any moneys in any of these categories may be used to the same extent as the moneys invested could be used had they not been invested. If a Credit Facility is no longer in effect, if the Issuer makes a line of credit or other credit facility available to the Trustee and delivers to the Trustee an Opinion of Counsel of nationally recognized counsel familiar with bankruptcy

matters to the effect that payments in respect of the Bonds from moneys furnished under the line of credit or other credit facilities will not be recoverable in the event of an Act of Bankruptcy to any greater extent than would moneys drawn under the Credit Facility, the Trustee may make payments of principal, interest and purchase price in respect of the Bonds from moneys made available under such line of credit or other facility.

(b) When a Credit Facility is not in effect with respect to a series of Bonds, the Trustee will make payments of redemption price and principal of and interest on such Bonds first from the proceeds of the initial sale of the Bonds and related investment earnings to the extent such proceeds and earnings are available for such purpose, second from the remarketing proceeds of the sale of Bonds under this Article to the extent available for such payment and third from any other moneys available to the Trustee for such purpose.

Section 4.14 Cancellation of Certain Purchased Bonds. Bonds purchased pursuant to a required purchase after having been called for redemption, subject to the notice and acknowledgement requirement of Section 4.01(c), will be canceled and the amount of such Bonds shall be credited against the amount of Bonds called for redemption. This shall not apply with respect to Bonds that have been remarketed pending redemption or that are being held as Pledged Bonds pending reimbursement of a Credit Facility Provider.

Section 4.15 Effect of Redemption. If sufficient funds are available to pay all principal, premium if any, and interest on Bonds called for redemption on any date and such funds have been set aside for the payment of such Bonds, such Bonds shall cease to bear interest on the redemption date. If sufficient funds are not available to pay all principal, premium if any, and interest due on Bonds called for optional redemption on any date, no optional redemption shall occur and such Bonds shall continue to bear interest. If Available Moneys are not on deposit in amounts necessary to pay the entire principal of and interest and premium on any series of the Credit Facility Bond called for optional redemption, no optional redemption shall occur and such Credit Facility Bonds shall continue to bear interest at the rates called for therein. The Trustee shall make payments of redemption price and principal of and interest on the Credit Facility Bonds in the manner described in Sections 4.13 and 5.08.

ARTICLE V

APPLICATION OF PROCEEDS; CREATION OF FUNDS; LETTER OF CREDIT

Section 5.01 Application of Bond Proceeds.

(a) The Issuer will deposit the proceeds of each series of Bonds with the Trustee. The Trustee will deposit such proceeds and the investment earnings thereon in separate accounts for each series and will disburse the same for the following purposes:

(i) Accrued interest received upon delivery of a series of Bonds, if any, shall be deposited in the Accrued Interest Subaccount for such series of Bonds within the Accrued Interest Account contained in the Sinking Fund, created and established in Section 5.02 hereof, and used for the purpose of paying accrued interest on the ensuing Interest Payment Date.

(ii) All Hedge Receipts shall be deposited by the Issuer into the Bond Service Account, created and established in Section 5.02 hereof, and used to pay interest on the Bonds.

(iii) The balance of the proceeds shall be deposited to the Project Account for the applicable series of Bonds, which is hereby created, established, and so designated by series (the "Project Account") within the Project Fund hereby created and established (the "Project Fund"). The money in the Project Fund shall be held in trust by the Trustee, shall be applied by such Trustee to the payment of Costs of the Project for which such series of Bonds were issued and costs and expenses of the issuance of such Bonds and, pending such application, shall be subject to the lien of this Indenture in favor of holders of the Bonds and the Credit Facility Provider and for the further security of such holders until paid out or transferred as hereinafter provided.

(b) Money on deposit in each of said accounts in the Project Fund shall be paid out from time to time by the Trustee in order to pay, or as reimbursement for payment made for, the Costs of the Project upon receipt by the Trustee of a requisition signed by the Issuer Representative and approved by the applicable Credit Facility Provider, with respect to Bonds secured by a direct-pay letter of credit, containing the following:

1. the amount requested to be paid;
2. the name and address of the person to whom such payment is to be made;
3. a description, in reasonable detail, of the particular cost, and what portion, if any, represents a cost of issuance;
4. a certification by the Issuer that each obligation, item of cost, or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Project Account for a series of Bonds within the Project Fund and has not been the basis of any previous withdrawal, or that each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of the Project and is a proper charge against the Project Account for a series of Bonds within the Project Fund, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous withdrawal and the Issuer is entitled to reimbursement thereof;

The Trustee shall be fully protected in relying upon the requisition of the Issuer and shall not be liable for any misapplication of money in the Project Fund if such money shall have been disbursed pursuant to the provisions of this Section and the Trustee is without actual knowledge that any disbursement constitutes a misapplication of funds. The Trustee may conclusively rely on the signatures of the Issuer Representative as evidence that the form of requisition is proper in all respects hereunder.

If after payment from the Project Fund by the Trustee of all requisitions previously tendered to the Trustee under the provisions of this Section, and after receipt by the Trustee of a Certificate of Completion for the Project, there shall remain any balance of money in the Project Fund, such balance shall be applied as set forth in Section 5.01(e) hereof.

(c) If an Event of Default occurs and the maturity of the Bonds is accelerated before the Trustee has paid out of all the proceeds of the sale of the Bonds and related investment earnings, the Trustee will use such proceeds and earnings to redeem or pay the Bonds or reimburse the Bond Insurer, if any, or the Credit Facility Provider and will notify the Issuer, the Bond Insurer, if any, and the Credit Facility Provider of its use of such proceeds or earnings to pay the Bonds or reimburse the Credit Facility Provider. While a Credit Facility is in effect, the Trustee shall make payments of redemption price and principal of and interest on the Bonds in the manner described in Sections 4.13 and 5.08.

(d) While the Bonds are Outstanding and for three (3) years from the date that all of the Bonds are deemed paid pursuant to Article VIII hereof and no longer Outstanding, the Trustee shall retain in its possession all documents relating to the Bonds, including all requisitions received by it, as required by this Indenture, subject to the inspection of the Issuer, its agents and representatives, and the Owners and their representatives at all reasonable times at its designated corporate trust office.

The Trustee shall submit monthly accounts of the balances on deposit in the Project Fund to the Issuer, to the Bond Insurer, if any, and to the Credit Facility Provider.

(e) After the Trustee shall have set aside sufficient moneys for the payment of any remaining part of the Cost of the Project (after being so advised in writing by the Issuer), the balance on deposit in the Project Fund shall be transferred to the Redemption Account in the Sinking Fund and the Project Fund shall be closed (except to the extent of any moneys which have been so set aside) and such balance shall be credited to the next ensuing principal payment. Any balance remaining in the Redemption Account in the Sinking Fund in excess of such principal payment amount (1) may, with the consent of the Credit Facility Provider, be applied by the Issuer for any lawful capital improvements purpose, or (2) shall be promptly applied by the Trustee to effect the purchase or redemption of the Bonds, to the extent possible. The Trustee shall (1) purchase Bonds then Outstanding and available for purchase as designated in writing by the Issuer within ten (10) days after the Completion Date, at a price not exceeding the par value thereof and interest accrued thereon to the date of purchase, or (2) if no Bonds then Outstanding shall be so designated in writing by the Issuer within ten (10) days after the Completion Date, call Bonds for redemption at the earliest possible date, the aggregate principal amount of which, together with the applicable redemption premium and interest payable thereon to the date of redemption, will most nearly exhaust the moneys in the Redemption Account in the Sinking Fund. While a Credit Facility is in effect, the Trustee shall make payments of redemption price and principal of and interest on the Bonds in the manner described in Sections 4.13 and 5.08.

Section 5.02 Sinking Fund; Payments by the Issuer.

(a) Creation of Sinking Fund. A special fund is hereby created for each of the Housing System Bonds, Parking System Bonds and Student Union Bonds and respectively designated the "Housing System Sinking Fund," "Parking System Sinking Fund" and "Student Union Sinking Fund." There are hereby created in each Sinking Fund six separate accounts designated "Bond Service Account," "Interest Account," "Accrued Interest Account," the "Redemption Account," the "Debt Service Reserve Account," as applicable, and the "Credit Facility Account" and each such account must be maintained as an Eligible Account. In the event any of these accounts ceases to be an Eligible Account, the Trustee shall immediately take such actions so as to cause any such account to be an Eligible Account. The Trustee shall create subaccounts herein as necessary. Moneys with respect to one series of Bonds shall not be commingled with moneys with respect to any other series of Bonds issued under this Indenture.

The moneys in each of said Accounts and Funds shall be held by the Trustee in trust and applied as hereinafter provided with regard to each such Account or Fund and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Indenture and the Credit Facility Provider and the Bond Insurer and for the further security of such holders and the Credit Facility Provider and the Bond Insurer until paid out or transferred as herein provided. The Issuer shall pay to the Trustee for deposit to the Sinking Fund moneys sufficient to provide funds on deposit in the Sinking Fund on each Interest Payment Date or date on which principal is due on the Bonds, in the amount so due. Such moneys to be paid to the Trustee shall be reduced by the amount of any Hedge Receipts received on or before the succeeding Interest Payment Date and shall be increased to provide for payment of any Hedge Obligations to be paid on or before the succeeding Interest Payment Date. If any Event of Default shall be continuing hereunder, the Trustee may additionally transfer such

shortfall to the Sinking Fund from moneys on deposit in the Project Fund. While a Credit Facility is in effect, the Trustee shall make payments of redemption price and principal of and interest on the Credit Facility Bonds in the manner described in Sections 4.13(a) and 5.08. All funds derived from a draw under the Credit Facility shall be deposited and retained in the applicable subaccount in the Credit Facility Account pending application thereof. All accrued interest paid upon the marketing or remarketing of Bonds, including Pledged Bonds, if any, shall be deposited in the Accrued Interest Account.

(b) Application of Revenues.

(i) Housing System Sinking Fund. The Housing System Revenues shall be applied in the following order each Fiscal Year:

FIRST: To the Trustee for the amount to which it is entitled under this Indenture to the extent set forth in Section 10.05.

SECOND: To the Bond Service Account in the Housing System Sinking Fund for each series of Housing System Bonds (including Pledged Bonds) to pay principal, purchase price and interest each fiscal year without preference or priority of any kind, according to the amounts due and payable on the Housing System Bonds for principal, purchase price and interest, respectively (including all amounts due and payable to a Credit Facility Provider or Bond Insurer as subrogee upon payment of the principal or purchase price of or interest on the Housing System Bonds with amounts drawn under the applicable Credit Facility or Bond Insurance Policy).

THIRD: To the Credit Facility Provider or Bond Insurer that issued a Credit Facility or Bond Insurance Policy securing Housing System Bonds, or to STING (to the extent STING is an Owner of STING Rate Bonds which are Housing System Bonds), to the extent the Credit Facility Provider or Bond Insurer, or STING, as applicable, certifies (after inquiry from the Trustee) to the Trustee (upon which certification the Trustee may conclusively rely) that the Issuer is indebted to the Credit Facility Provider or Bond Insurer, or to STING, as the case may be, under any applicable Related Financing Documents including, without limitation, interest accruing at a default rate thereunder after acceleration, and without priority or preference of any kind.

Any balance shall be retained by the Issuer and may be applied to any lawful purpose.

(ii) Parking System Sinking Fund. The Parking System Revenues shall be applied in the following order each Fiscal Year:

FIRST: To the Trustee for the amount to which it is entitled under this Indenture to the extent set forth in Section 10.05.

SECOND: To the Bond Service Account in the Parking System Sinking Fund for each series of Parking System Bonds (including Pledged Bonds) to pay principal, purchase price and interest each fiscal year without preference or priority of any kind, according to the amounts due and payable on the Parking System Bonds for principal, purchase price and interest, respectively (including all amounts due and payable to a Credit Facility Provider or Bond Insurer as subrogee upon payment of the principal or purchase price of or interest on the Parking System Bonds with amounts drawn under the applicable Credit Facility or Bond Insurance Policy).

THIRD: To the Credit Facility Provider or Bond Insurer that issued a Credit Facility or Bond Insurance Policy securing Parking System Bonds, or to STING (to the extent STING is an Owner of STING Rate Bonds which are Parking System Bonds), to the extent the Credit

Facility Provider or Bond Insurer, or STING, as applicable, certifies (after inquiry from the Trustee) to the Trustee (upon which certification the Trustee may conclusively rely) that the Issuer is indebted to the Credit Facility Provider or Bond Insurer, or to STING, as the case may be, under any applicable Related Financing Documents including, without limitation, interest accruing at a default rate thereunder after acceleration, and without priority or preference of any kind.

Any balance shall be retained by the Issuer and may be applied to any lawful purpose.

(iii) Student Union Sinking Fund. The Student Union Revenues shall be applied in the following order each Fiscal Year:

FIRST: To the Trustee for the amount to which it is entitled under this Indenture to the extent set forth in Section 10.05.

SECOND: To the Bond Service Account in the Student Union Sinking Fund for each series of Student Union Bonds (including Pledged Bonds) to pay principal, purchase price and interest each fiscal year without preference or priority of any kind, according to the amounts due and payable on the Student Union Bonds for principal, purchase price and interest, respectively (including all amounts due and payable to a Credit Facility Provider or Bond Insurer as subrogee upon payment of the principal or purchase price of or interest on the Student Union Bonds with amounts drawn under the applicable Credit Facility or Bond Insurance Policy).

THIRD: To the Credit Facility Provider or Bond Insurer that issued a Credit Facility or Bond Insurance Policy securing Student Union Bonds to the extent the Credit Facility Provider or Bond Insurer certifies (after inquiry from the Trustee) to the Trustee (upon which certification the Trustee may conclusively rely) that the Issuer is indebted to the Credit Facility Provider or Bond Insurer, as the case may be, without priority or preference of any kind.

Any balance shall be retained by the Issuer and may be applied to any lawful purpose.

Section 5.03 Payment of Interest and Principal. Subject to the provisions of Section 4.13 hereof (concerning the source of payments), the Trustee shall, withdraw from the applicable Bond Service Account and deliver by wire transfer to the bondholder, the amount required for paying the principal of such Bonds as such principal (including sinking fund installments) becomes due and payable. If a Credit Facility is in effect, amounts drawn under a Credit Facility to pay principal or purchase price of and interest on the Credit Facility Bonds shall be reimbursed to the Credit Facility Provider from moneys deposited to the Bond Service Account for such purpose.

When no Credit Facility is in effect, and subject to the provisions of Section 4.13, the Trustee shall on each optional redemption date prior to redemption of any Bonds, deposit in the Redemption Account amounts required to pay the principal of and premium, if any, on any such Bond to be redeemed. When no Credit Facility is in effect, money in the Redemption Account shall be used and withdrawn by the Trustee on each optional redemption date solely for the payment of principal of and premium, if any, on such Bond upon the redemption thereof.

When a Credit Facility is in effect with respect to a series of Bonds, and subject to the provisions of Section 4.13, the Trustee shall on each optional redemption date prior to redemption of any such Bonds, withdraw from the Redemption Account and deliver by wire transfer to the applicable Credit Facility Provider, the amount drawn and paid under such Credit Facility in order to optionally redeem such Bonds.

With respect to Bonds issued initially bearing interest at a Variable Rate or a Commercial Paper Rate, or following a Variable Rate Conversion Date or a Commercial Paper Rate Conversion Date for such Bonds, the Issuer shall, subject to the provisions of Section 5.08, deposit in the Bond Service Account an amount, together with any moneys already on deposit in the Bond Service Account and available to pay interest, that is not less than the amount of interest to become due on the Bonds bearing interest at a Variable Rate or a Commercial Paper Rate on each Interest Payment Date.

After a Fixed Rate Conversion Date with respect to a series of Bonds or for a series of the Bonds issued initially bearing a Fixed Rate, on the second Business Day preceding each February 1 and August 1, commencing with the first of such dates following the date of issuance or the Fixed Rate Conversion Date, the Issuer shall deposit in the Interest Account an amount which, together with any moneys already on deposit in the Interest Account and available to make such payment, will be not less than the amount of interest to become due on the Bonds on the next succeeding Interest Payment Date. No deposit pursuant to this paragraph need be made if and to the extent that there is a sufficient amount already on deposit and available for such purpose in the Interest Account.

During a STING Rate Period with respect to a series of STING Rate Bonds, on the second Business Day preceding each February 1 and August 1, commencing with the first of such dates following the commencement of the STING Rate Period, the Issuer shall deposit in the Interest Account an amount which, together with any moneys already on deposit in the Interest Account and available to make such payment, will be not less than the amount of interest to become due on such Bonds on the next succeeding Interest Payment Date. No deposit pursuant to this paragraph need be made if and to the extent that there is a sufficient amount already on deposit and available for such purpose in the Interest Account.

Except as otherwise provided herein, moneys in the Interest Account shall be used solely to pay interest on the Bonds when due. The Trustee shall at all times maintain accurate records of deposits into the Interest Account and the sources and dates of such deposits.

If by the Business Day preceding any Interest Payment Date, after the transfers described above, there is not enough money in the Interest Account to make the payments of interest due on the Bonds with respect to which a Bond Insurance Policy is in effect then the Trustee agrees to give notice of that fact to the Bond Insurer as provided herein.

On or before the second Business Day next preceding each Interest Payment Date for a Bond bearing interest at a Fixed Rate, the Trustee shall notify the Issuer of an amount that is equal to the amount of interest coming due on such Bond on such Interest Payment Date.

Section 5.04 Investment of Moneys. The Trustee will invest and reinvest moneys held by it under this Indenture at the written or oral (promptly confirmed in writing) request of the Issuer (absent the occurrence and continuation of an Event of Default) in any Qualified Investments. The Trustee will hold (i) moneys drawn under the Credit Facility and all related investment earnings and (ii) moneys from the initial sale of the Bonds or from any remarketing thereof and related investment earnings upon the occurrence and continuance of an Event of Default, uninvested or will invest them at the written or oral (promptly confirmed in writing) direction of the Issuer, in U.S. Government Obligations with maturities not longer than thirty (30) days or the date on which such moneys are required for the purposes to which they are to be applied. Any unclaimed remarketing proceeds shall only be invested in overnight U.S. Government Obligations pending application thereof. All investment earnings shall be credited to the account in which they were earned.

The Trustee may make investments permitted by this Article through its own bond or investment department or the bond or investment department of any bank or trust company under common control with the Trustee. Investments will be made so as to mature or be subject to redemption at the option of the holder on or before the date or dates that the Issuer anticipates that moneys from the investments will be required. Investments will be registered in the name of the Trustee, one of its affiliates or its nominee and held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of investments whenever the cash held by the Trustee is insufficient. The Issuer agrees for the benefit of the Owners and the Credit Facility Provider that moneys held by the Trustee in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds, will not to its actual knowledge be used in a manner that will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code and any regulations promulgated thereunder. The Trustee shall have no liability or responsibility for ensuring that investments are not made in a manner that result in any Bonds being classified as "arbitrage bonds" or for any suitability or other requirements.

Section 5.05 Rebate. The Issuer shall make all calculations necessary to comply with the rebate requirements contained in Section 148 of the Internal Revenue Code of 1986, as amended and shall deposit, for the credit of the Rebate Account, hereby created and defined, the full amount of the Issuer's accrued and unpaid rebate liability. The Trustee shall pay such amounts from the Rebate Account, at the direction of the Issuer, to the United States. The Trustee shall not be liable for any action it takes or omits to take with due care pursuant to this Section 5.05. The Trustee shall not be responsible for making the calculations required to be made pursuant to this Section, nor shall it have any responsibility to review the correctness or accuracy of the calculations or for determining whether the investment directions given by the Issuer comply with Section 148(f) of the Code.

Amounts on deposit in the Rebate Account shall be held in trust by the Trustee and used solely to make required rebates to the United States and neither the Owners nor the Credit Facility Provider shall have any right to have the same applied to the payment of principal or interest on the Bonds or otherwise than as provided in this Section.

Section 5.06 Moneys Held in Trust. The Trustee will hold in trust for the benefit of the Owners, the Bond Insurer, if any, the Credit Facility Provider, the proceeds of the initial sale of the Bonds until they are applied as provided in Section 5.01 and all moneys held by it for any payment on or purchase of the Bonds. Money received by the Trustee from the sale of a Bond under Articles III and IV will be held segregated from other funds of the Trustee in trust for the benefit of the person from whom such Bond was purchased, or, if it is not to be paid to such person, for the benefit of the person entitled to it. Except as provided in Section 5.08, the proceeds of remarketings of Pledged Bonds will be deposited into the Credit Facility Provider Account (established in Section 4.01(d)(iii) hereof) and held in trust by the Trustee solely for the benefit of the Credit Facility Provider.

Section 5.07 Requirements for Credit Facility; Alternate Credit Facility. Before the issuance of a series of the Bonds bearing interest at a Variable Rate or Commercial Paper Rate, the Issuer must deliver to the Trustee an irrevocable letter of credit of a Credit Facility Provider providing for direct payments to or upon the order of the Trustee of amounts in respect of payments on such Bonds. The Issuer may modify or terminate the initial or any subsequent Credit Facility, so long as such modified or new Credit Facility meets the terms and conditions of this Section 5.07. Each Credit Facility in effect after the initial Credit Facility must be an irrevocable, direct pay letter of credit or other credit facility issued by a commercial bank or banks or other institution with terms, in all respects material to the Owners, the same as in the initial Credit Facility. If a Fixed Rate will be in effect, any maximum interest rate in respect of which draws for interest may be made will not be less than such Fixed Rate. The term of the modified or new letter of credit or other facility must begin on or prior to the expiration date or termination date of a replaced or modified credit facility, if any, and end not less than twenty (20) days

after an Interest Payment Date. If an Alternate Credit Facility is replacing a Credit Facility before the end of the term of the replaced Credit Facility, the Issuer shall (a) furnish the Trustee before the effective date of the Alternate Credit Facility, written evidence from each Rating Agency having a rating in effect for the Bonds that the Rating Agency has reviewed the proposed Alternate Credit Facility and that the replacement of the old Credit Facility will not by itself result in a withdrawal or reduction of the Rating Agency's current rating for the Bonds, or (b) notify the Trustee that a required purchase is to occur pursuant to Section 3.11. In addition, the Trustee shall surrender the initial Credit Facility for cancellation in accordance with its terms upon the provision of a substitute or Alternate Credit Facility providing there are no outstanding unpaid draws thereunder.

Thirty-five (35) days before the effective date of a Fixed Rate, the Issuer may deliver to the Trustee an irrevocable letter of credit or other credit facility with a term beginning on such effective date and ending at least twenty (20) days after an Interest Payment Date at least one year later.

Any Alternate Credit Facility delivered to the Trustee must be accompanied by an Opinion of Tax Counsel stating that delivery of the Alternate Credit Facility is authorized under this Indenture and complies with its terms and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, respectively. Prior to the date on which an Alternate Credit Facility is to secure the Bonds, the Trustee shall notify the Depository of the effective date of such Alternate Credit Facility and the name of the new Credit Facility Provider.

Section 5.08 Draws. Whenever any amount is payable on the Bonds, whether for scheduled payments of principal or interest, or by reason of acceleration, or for their purchase or redemption as provided in this Indenture or the Bonds, the Trustee will draw on the Credit Facility in accordance with its terms, if one is in effect, at the time and to the extent necessary to facilitate timely payment of principal and interest on the Bonds in accordance with this Indenture and the Bonds, provided that, the Trustee shall not draw on the Credit Facility to pay the principal of or interest on (i) Pledged Bonds, (ii) Bonds registered in the name of the Issuer or any Insider, or (iii) Bonds following a Fixed Rate Conversion Date unless such Bonds are secured by the Credit Facility. In drawing on the Credit Facility, the Trustee will be acting on behalf of the Owners by facilitating payment of their Bonds and not on behalf of the Issuer and will not be subject to the control of either of them. The Trustee shall deposit the proceeds of all draws under the Credit Facility into the Credit Facility Account created in Section 5.02 hereof and will not commingle such funds with other funds held by it under this Indenture and will promptly remit such funds to the Depository on the required dates under this Indenture. In addition, while the Bonds bear interest at a Multiannual Rate, Commercial Paper Rate or Fixed Rate (provided the Bonds are secured by a Credit Facility), the Trustee shall draw on the Credit Facility on the first Business Day of each calendar month following the commencement of a Multiannual, Commercial Paper or Fixed Rate Period to pay interest in an amount accrued during the preceding calendar month up to but not including the date of such draw so that the Trustee will have funds available in aggregate amount necessary to pay interest on each scheduled Interest Payment Date; provided, however, that the drawing that occurs on the first day of each month to accumulate interest for payment on an ensuing Interest Payment Date shall be in an amount equal to the interest accruing in the month prior to the draw date, with the balance of interest due being paid with a final draw on the Interest Payment Date. Proceeds of any drawing under the Credit Facility for interest accruing prior to the Interest Payment Date deposited in the Credit Facility Account, shall be used to pay interest on the next Interest Payment Date. Such funds shall either be held uninvested or invested in U.S. Government Obligations maturing the earlier of: (i) thirty (30) days, or (ii) the next Interest Payment Date, or (iii) as needed to facilitate timely payment of interest on the Bonds in accordance with this Indenture and such Bonds. In the event that any funds on deposit in the Credit Facility Account have been used in connection with a mandatory purchase of Bonds under Article III or Article IV hereof and remarketing proceeds constituting interest are subsequently received by the Trustee, then such remarketing proceeds shall be deposited in the Credit Facility Account and shall not be used to

reimburse the Credit Facility Provider for monthly interest draws. In no event shall the Trustee draw on a Credit Facility for payments of Bonds of any series which are not secured by such Credit Facility or for payments with respect to Pledged Bonds or Bonds held by or for the account of the Issuer, or an Insider of any series.

The Trustee shall immediately notify the Issuer, in writing, of any shortfall of amounts due following a failure by the Credit Facility Provider to honor a draw made in strict compliance with the Credit Facility; and, upon receipt of such notice the Issuer shall immediately pay to the Trustee amounts sufficient for the timely payment of the principal of or interest due on the Bonds in accordance with this Indenture and the Bonds; and the Trustee shall immediately apply such funds for such purposes.

Section 5.09 Pledged Bonds. Bonds purchased pursuant to Articles III and IV hereof from moneys drawn under a Credit Facility shall be pledged to and held for the account of the Credit Facility Provider or as otherwise directed by the Credit Facility Provider, which Bonds are Pledged Bonds, and will be released by the Trustee and remarketed only if (i) prior to such release the Trustee shall have received written notice from the Credit Facility Provider that the Credit Facility has been reinstated in full and the Trustee has received notice of the time of such release (thereby assuring that the release will not occur prior to such reinstatement), or the Trustee has taken such actions as is required for the Credit Facility to be reinstated in full in accordance with its terms. Proceeds from the remarketing of such Bonds shall be held for the account of and paid at the direction of the Credit Facility Provider.

Section 5.10 Return of Credit Facility. On the substitution, expiration or termination of a Credit Facility, the Trustee will return such substituted, expired or terminated Credit Facility to its issuer for cancellation; provided that, no substitution or surrender shall take place unless all draws have been honored.

Section 5.11 Funds and Accounts. Except for funds required to be held by the Trustee, the cash required to be accounted for in each of the funds and accounts established herein, except proceeds from a remarketing or from draws under the Credit Facility, may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds as herein provided.

Except for the funds required to be held by the Trustee, the designation and establishment of the various funds in and by this Indenture 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 and assets for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 6.01 Representations and Warranties. The Issuer represents and warrants that:

(a) **Title.** The University Board is vested with a valid leasehold interest and a fee simple interest, as applicable, and the Issuer is vested with a valid subleasehold interest in the Property, in each case free and clear of all exceptions and encumbrances whatsoever except Permitted Encumbrances and will not permit to exist any mortgages, security interests or other encumbrances against the Property or the Collateral except Permitted Encumbrances.

(b) Liens. The Property and the Collateral are free and clear of all liens, encumbrances, easements and charges, except Permitted Encumbrances. There are no covenants, restrictions, conditions, liens or charges upon the title to the Property which would prevent the construction or use of the Improvements for the intended purpose.

(c) Permits and Licenses. The Issuer has obtained all required federal, state and local permits, licenses, approvals and authorizations including those required by the U.S. Army Corps of Engineers, other federal agencies and any state or local authority charged with the enforcement or regulation of environmental and land use matters, and has fully complied with all required building, safety, zoning and other requirements of the state, municipal or other governmental authority pertaining to the construction of the Improvements capable of being complied with at the date hereof, and there are no legal or other impediments to obtaining all other required permits, licenses, approvals and authorizations not now obtainable. The Issuer will obtain such other required permits, licenses, approvals and authorizations and will comply with all such required building, safety, zoning and other requirements hereafter. The construction and use of the Property and Improvements are not subject to laws relating to developments of regional impact. Except for a minor portion (which has been granted an exemption from appropriate State authority), the Property is not wetlands or other areas subject to the regulatory jurisdiction of the Florida Department of Environmental Regulation, the U.S. Army Corps of Engineers, any water management district or other regulatory body.

(d) Plans. Since the Improvements will be constructed using the design-build method of construction, the Issuer will deliver to the Credit Facility Provider accurate and complete copies of the Plans and all contract documents including all modifications thereof. The Plans have been approved by the Issuer's Design-build Contractor, and by all local authorities and the beneficiaries of covenants to the extent required by such local authorities or such covenants. The Issuer hereby transfers and assigns to the Trustee, as additional collateral for the Loan, all of the Issuer's right, title and interest in the Plans and in the Issuer's contract with the Issuer's Design-build Contractor and warrants and represents to the Trustee that:

(i) The Plans will be complete and adequate for the construction of the Improvements and there will be no modifications thereof except as described therein. The Plans shall not be modified without the prior written consent of the Credit Facility Provider except for modifications which do not change the cost of construction by more than \$50,000 as to any one change or \$100,000 in the aggregate. The Issuer shall give notice to the Credit Facility Provider of any such modifications which increase the aggregate costs of the Project and provide assurance that the Issuer has funds available to fund such increase.

(ii) The Trustee may use the Plans for any purposes relating to the Improvements, including but not limited to inspections of construction, and the completion of the Improvements upon and Event of Default. The Trustee shall be under no obligation to perform any inspections.

(iii) The Trustee's acceptance of this Indenture shall not constitute approval of the Plans by the Trustee. The Trustee has no liability or obligation whatsoever in connection with the Plans and no responsibility for the adequacy thereof or for the construction of the Improvements contemplated by the Plans.

(iv) The Plans will comply with all applicable building, safety, zoning and other requirements of all state, municipal or other governmental or regulatory authorities and rating or inspection offices having jurisdiction. The Improvements will be constructed entirely on the Property and

will not encroach on any easements, rights-of-way or land of others or violate any setback lines or applicable restrictions on land use or other restrictions or regulations.

(e) Financial Statements. The financial statements of the University and the Housing System and Parking System heretofore delivered to the Trustee are true and correct in all material respects and have been prepared in conformity with generally accepted accounting principles. To the Issuer's knowledge, no materially adverse change in the financial condition of the University, the Housing System or Parking System has occurred since the date of each such financial statement and no material liabilities, including guaranties and other contingent liabilities, exist which are not shown on such financial statements.

(f) Absence of Pending Actions. There are no suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or the Property, or involving the validity or enforceability of the Bond Documents or involving any risk of a judgment or a liability which, if unsatisfied, would have a materially adverse effect on the financial condition, business or properties of the Issuer or the validity or priority of the lien of this Indenture. There exists no Default or Event of Default under any material agreements to which the Issuer is a party.

(g) Conflicting Agreements or Decrees. The execution and delivery of this Indenture, and the other Bond Documents, and the consummation of the transactions contemplated thereby do not conflict with or result in the breach of the articles of incorporation or bylaws of the Issuer, any laws or regulations governing the Issuer, any regulation, order, writ, injunction, judgment or decree of any court or governmental or municipal authority or in the breach of or default under any agreement or other instrument to which the Issuer is a party or by which it or its property is bound. The Issuer has not made or entered into any other contract for improvements of the Property other than the contract with the Issuer's contractor approved by the Credit Facility Provider and such other contracts as have been submitted to and approved by the Credit Facility Provider in writing.

(h) Existence of the Issuer. The Issuer is a private not for profit corporation and a "University Direct Support Organization" as defined in Section 1004.28, Florida Statutes, duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to do business in the state in which the Property is located, with full power and authority to consummate the transactions contemplated by the Bond Documents. The Issuer shall furnish to the Credit Facility Provider evidence satisfactory to the Credit Facility Provider and its counsel of each of the foregoing representations as well as a complete copy of the governing instruments of the Issuer, evidence of qualification to do business, and sufficient evidence of corporate action approving execution and delivery of the Bond Documents in form satisfactory to the Credit Facility Provider. The Indenture and each related Bond Document have been duly authorized by all necessary corporate actions, have been executed and delivered by authorized officers of the Issuer and is enforceable against the Issuer and its property in accordance with its terms.

(i) Adequate Access. The Property has adequate rights of access to public ways, as shown in the Plans or the survey.

(j) Utilities and Zoning. Sewer, water, electricity and all other necessary utilities are physically available at the Property and the Improvements in sufficient quantity for their intended use, and the current zoning classification and all other laws, ordinances, rules and regulations affecting the use of the Property permit the construction and intended use of the Improvements, without the necessity of obtaining further approvals, variances, waivers, consents or authorizations.

(k) Parking. Parking sufficient to satisfy legal requirements and for the practical utilization of the Property and Improvements as intended is available on the Property.

(l) Soil Conditions. The Issuer has caused soil tests to be made and such tests show the Property to be suitable in all respects for the intended Improvements. The Issuer has delivered copies of such test results to the Credit Facility Provider.

(m) Chief Executive Office. The only place of business of the Issuer is located at the address for notices set forth herein.

(n) Hazardous Materials. The Property and Improvements are now and at all times hereafter will continue to be in full compliance with all federal, state and local environmental laws and regulations relating to hazardous materials. As of the date hereof, there are no hazardous materials located on, in or under the Property and Improvements or used in connection therewith.

(o) Information Provided to the Trustee. All information provided to the Trustee in connection with the extension of credit contemplated hereby is true and correct in all respects.

(p) Tax Matters. The Issuer is an organization described in Section 501(c)(3) of the Code, and is exempt from federal income taxes under Section 501(a) of the Code. The Issuer has filed all federal, state and other tax returns which are currently required to be filed and has paid, or has made adequate provision for the payment of all taxes which have or may become due pursuant to said returns or to assessments received by it.

(q) Not For Profit Status. The Issuer is a corporation organized and operated exclusively for scientific, educational, religious and charitable purposes and not for pecuniary profit, and no part of the income or assets shall be distributed to, nor of the Issuer inure to the benefit of any individual.

Section 6.02 Time of Representations and Warranties. Each of the representations and warranties set forth in this Article VI shall be deemed to be made as of the date hereof and will be true on the date hereof and on the date of each draw under the Credit Facility and remarketing hereunder.

ARTICLE VII

COVENANTS

Section 7.01 Payment of Bonds. The Issuer will promptly pay the principal of, premium, if any, and interest on the Bonds, at the place, on the dates and in the manner provided in the Bonds, Schedule A hereto, Section 4.07 hereof or as provided in the related exhibits for a series of Bonds attached hereto, but only from the amounts pledged therefore hereunder.

Section 7.02 Further Assurances. The Issuer will execute and deliver such supplemental indentures and such further instruments, and do such further acts, as the Trustee may reasonably require for the better assuring, assigning and confirming to the Trustee the amounts assigned under this Indenture for the payment of the Bonds or in order to exercise, enforce or perfect its rights under this Indenture and any related agreements.

Section 7.03 Construction of Improvements. The Issuer shall promptly construct the Improvements in a workmanlike manner and in strict accordance with the Plans, building permits and applicable building and zoning codes, covenants and restrictions. The Issuer shall provide or cause to be provided, at the Issuer's expense, all manner of materials, labor, implements and cartage of every description necessary for the due performance of the work. The Issuer shall take all necessary steps to assure that construction and installation of the Improvements shall begin immediately (and in no event

later than thirty (30) days after the issuance of Additional Bonds), shall proceed continuously and diligently, and shall be completed in a timely manner in accordance with the Plans and that construction shall be completed on or before the Completion Date.

Section 7.04 Performance of Covenants by the Issuer; Defaults. The Issuer will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in the Bonds executed, authenticated and delivered hereunder and in all proceedings of its Governing Board pertaining thereto.

Section 7.05 Inspection of Project Books. All books and documents in the Issuer's possession relating to a project and the Net Revenues shall, upon reasonable notice, be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. If requested by a Credit Facility Provider or a Bond Insurer, the Issuer shall furnish, before each advance herein agreed to be made and on completion of construction, all receipted bills, certificates, affidavits, releases of lien and other documents which may be required by such Credit Facility Provider or Bond Insurer, as evidence of full payment of all labor and materials incident to the construction of the Improvements.

Section 7.06 No Vacancy in Office of Trustee. The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 10.07, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 7.07 Project is Property of the State of Florida. If requested by the Credit Facility Provider or a Bond Insurer, upon completion of the Improvements, the Issuer will execute and deliver to the Credit Facility Provider or such Bond Insurer such bills of sale or other documents as shall be necessary to transfer all its right, title and interest in and to such Improvements to the State of Florida.

Section 7.08 Rate Covenant. The Issuer shall require the University Board and the University to charge each year, for each enterprise system within the Capital Project Facilities System (currently the Housing System and the Parking System) and for each Capital Project (currently the Student Union Addition) for which Bonds have been issued, such rates and fees as are necessary to produce Net Revenues sufficient to pay one hundred twenty percent (120%) of the Principal and Interest Requirements for such Bonds during such year, with respect to the aggregate Outstanding Bonds and any Additional Bonds issued for such enterprise system within the Capital Project Facilities System and for such Capital Project, plus 100% of all other amounts payable from Net Revenues (the "Rate Covenant"). The Issuer shall not, and shall not allow the University to, construct or operate dormitory or student housing facilities in competition with the Housing System or parking facilities in competition with the Parking System that would have any materially adverse impact on revenues. Failure to meet the rate covenant shall not be a default under the Indenture provided the University Board and the University have taken all legally available steps to restore compliance as soon as reasonably possible, subject to Section 9.01(g) hereof.

Section 7.09 Inspections. The Issuer will permit the Trustee, the Bond Insurer or the Credit Facility Provider and its representatives to inspect the Improvements and all materials to be used in the construction thereof, and to examine and make copies of all detailed plans and shop drawings which are or may be kept at the construction site, and all books and records of the Issuer relating to the Facilities other than records that are required by law to be kept confidential (e.g. student records) and will cooperate with the Trustee, the Bond Insurer or the Credit Facility Provider and the Trustee's, the Bond Insurer's or the Credit Facility Provider's representatives to enable it to perform its functions hereunder. It is expressly agreed that the Trustee, the Bond Insurer or the Credit Facility Provider has no duty to inspect the Improvements, and if the Trustee, the Bond Insurer or the Credit Facility Provider should inspect the Improvements, the Trustee, the Bond Insurer or the Credit Facility Provider shall have no liability or

obligation to the Issuer or other person arising out of such inspection. Inspections made by the Trustee, the Bond Insurer or the Credit Facility Provider or their representatives shall be made solely for the protection and benefit of the Trustee, the Bond Insurer or the Credit Facility Provider, and neither the Issuer, any co-maker, or other party primarily or secondarily liable on the Bonds, nor any person or party claiming by, through or under the Issuer, shall be entitled to claim any loss, damage or offset either against the Trustee, the Bond Insurer or the Credit Facility Provider or its representatives for failure to properly inspect the Improvements.

Section 7.10 Correction of Deficient Work. If the Trustee, the Bond Insurer or the Credit Facility Provider determines that any portion of the Improvements is not being constructed in accordance with the Plans in a workmanlike manner, it may require work to be stopped and withhold disbursements until the deficiencies are corrected. The Issuer agrees that it will correct, at its own cost and not from Bond proceeds, any work performed and replace any materials that do not comply with the Plans, applicable laws, regulations or permits, or accepted standards of quality and workmanship. In the event of any dispute between the Issuer and the Trustee, the Bond Insurer or the Credit Facility Provider with respect to the interpretation and meaning of the Plans, the same shall be determined at the Issuer's cost by an independent architect or engineer selected by the Trustee, the Bond Insurer or the Credit Facility Provider.

Section 7.11 Adequate Financing. The Issuer shall provide from the Lease Payments or other available sources, without secondary financing involving any mortgage or other lien against the Property (except as otherwise expressly provided in this Indenture), all amounts necessary to pay all Costs of completion of the Improvements.

Section 7.12 Use of Bond Proceeds. All labor and materials contracted for in connection with construction of the Improvements shall be used and employed solely in such construction, and only in accordance with the Plans. The moneys disbursed to or for the account of the Issuer under this Indenture shall constitute a trust fund in the hands of the Issuer or other payee, and shall be used solely by such payee for the payment of Cost of Improvements and for no other purpose unless another use is specifically provided for in this Indenture or consented to in writing by the Trustee.

Section 7.13 Payment of Fees, Taxes and Expenses. In addition to other costs and expenses herein agreed to be borne by the Issuer, the Issuer agrees to pay for documentary stamp taxes, intangible taxes and other recording, excise or similar taxes (and any penalties and interest for nonpayment thereof), recording, re-recording and filing fees and taxes in connection with the execution, delivery or recording of the Bond Documents or making of the Bonds or any advances, attorneys' fees incurred by the Trustee in connection with preparation and examination of the Bond Documents and the Bond closing, and all costs and expenses incurred by the Trustee in connection with any modification of the Bonds and in the enforcement of the Trustee's rights and remedies hereunder or under the other Bond Documents after an Event of Default, including reasonable attorneys' fees, whether or not suit be brought and including fees and costs on appeal. The Trustee is irrevocably authorized to disburse such costs and expenses from the Bond proceeds. The obligation of the Issuer hereunder shall survive termination of the Indenture. The Issuer represents that it is not relying upon the Trustee or its counsel or the Bank or its counsel in determining the applicability or amount of documentary stamp or intangible taxes on the transactions contemplated herein.

Section 7.14 Merger; Transfer of Property. The Issuer shall maintain its corporate existence as a not for profit corporation, not merge or consolidate with any person and shall not convey, or encumber, lease (except pursuant to the Operating Lease) or otherwise dispose (including dispositions by merger or operation of law) of all or any part of the Issuer's interest in the Property, the Housing System, Parking System, Student Union Addition or the Improvements or all or a substantial portion of its

other assets (or agree to any such actions) without the prior written consent of the Trustee, the Bond Insurer and the Credit Facility Provider, nor shall the Issuer assign or transfer any rights under this Indenture or any part of any advance to be made hereunder. The Issuer shall not subdivide the Property, submit the Property, or any portion thereof, to condominium or other multiple form of ownership, or dedicate any portion of the Property to public ownership without the prior written consent of the Trustee, the Bond Insurer and the Credit Facility Provider. Provided, however, that the Issuer may sublease any part of the Facilities, or contract for the performance by others, of operations or services on or in connection with the Facilities or any part thereof for any lawful purpose; provided, however, that (i) each such sublease, lease or contract shall not be inconsistent with the provisions of the Ground Lease, the Phase XI Ground Lease, the Operating Lease or this Indenture, (ii) the Issuer shall remain fully obligated and responsible under this Indenture to the same extent as if such agreement or contract has not been executed, and (iii) the University Board shall remain fully obligated under the Operating Lease.

Section 7.15 Insurance. The Issuer shall maintain, at its expense, such insurance coverages and limits which are reasonably attainable. On an annual basis, the Issuer shall provide the Trustee, the Credit Facility Provider and the Bond Insurer evidence of insurance coverage.

Section 7.16 Financial Statements. The Issuer shall maintain books and records relating to its business and the ownership of the Facilities in accordance with generally accepted accounting principles, consistently applied. Upon an Event of Default, the Issuer shall cause to be delivered to the Trustee, the Bond Insurer and each Credit Facility Provider such financial statements and other information relating to the Issuer and the project being constructed with the proceeds of the Bonds and the Facilities as provided in the respective Credit Facility Agreements or the Bond Insurance Policy, as applicable.

Section 7.17 No Waivers. Without the written consent of the Trustee, the Issuer shall not release, modify or waive any material rights that it may now have or hereafter obtain relating to the Property, including rights under sales agreements, options, financing commitments, leases, easements, licenses, permits, covenants, restrictions and ingress, egress and parking rights, zoning or other land use permits or rights, including, without limitation, its rights under the Ground Lease, Phase XI Ground Lease, and Operating Lease, as amended to date.

Section 7.18 Adverse Liens. Neither the Issuer nor any contractor or subcontractor shall execute any security agreement covering any materials, fixtures or articles to be or intended to be incorporated in the Improvements or covering articles of personal property placed in the Improvements, nor file a financing statement relating thereto nor purchase any such materials, fixtures or articles in such a manner so that ownership thereof does not vest unconditionally in the Issuer, and the Issuer shall produce to the Trustee upon demand the contracts, bills of sale, statements, vouchers or agreements or any of them, under which the Issuer claims title to such materials, fixtures or articles.

Section 7.19 Place of Business. Without at least thirty (30) days' prior written notice to the Trustee, the Issuer will not change its sole place of business (or if it has more than one place of business, its chief executive office) from that address set forth herein for delivery of notices.

Section 7.20 Hazardous Materials. No material used in constructing the Improvements shall contain any asbestos or other hazardous material nor shall the Property be used for the purpose of handling, storing, manufacturing, transporting or disposing of any hazardous materials whatsoever, whether or not such use complies with applicable laws and regulations. The Issuer shall promptly notify Trustee of any change in the nature or extent of any hazardous materials maintained on, in or under its Property or used in connection therewith, and will transmit to the Trustee copies of any citations, orders,

notices or other material governmental or other communication received with respect to any hazardous materials affecting the Property.

Section 7.21 Indemnification. The Issuer shall, solely from Net Revenues received or other Collateral, indemnify and hold Trustee harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys' consultants' and experts' fees and expenses) of every kind and nature suffered by or asserted against Trustee as a direct or indirect result of any warranty or representation made by the Issuer in Section 7.20 being false or untrue in any material respect, any breach of any covenant in the preceding Section, or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, waste or other environmentally regulated substances by the Trustee, the Issuer or any transferee of the Issuer or the Trustee. This indemnity shall survive the termination hereof.

Section 7.22 Survival. The Issuer's obligations hereunder shall not be limited to any extent by the term of the Bonds and, as to any act or occurrence prior to payment in full and satisfaction of the Bonds which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of the Bonds.

Section 7.23 Notice of Default. The Issuer will deliver immediate written notice to the Trustee of any: (i) default under any of the Bond Documents, (ii) default under any agreement to which the Issuer is a party, (iii) any event which has caused or may cause representations, warranties or other information delivered to the Trustee by the Issuer in connection with the Bonds to be or become untrue; and (iv) any material adverse change in the Issuer's business or financial condition.

Section 7.24 Compliance with Laws. The Issuer will observe, confirm and comply in every material respect with all laws, decisions, judgments, rules, regulations and orders of all applicable governmental authorities relative to the construction and operation of the Improvements and the conduct of its business.

Section 7.25 Termination or Amendment of Leases. The Issuer shall not terminate or amend the Ground Lease, the Phase XI Ground Lease, or the Operating Lease without the Credit Facility Provider's and the Bond Insurer's prior written consent.

Section 7.26 Additional Parity Debt. Except as specifically provided in this subparagraph, the Issuer shall not incur or permit to exist any liens on the Collateral or the Property or indebtedness, including contingent obligations, secured by or payable out of any Collateral except for the following:

- (i) Any such indebtedness specifically subordinated in priority of lien and right of payment to the rights of the Trustee pursuant to agreements satisfactory to the Trustee, STING, the Bond Insurer and the Credit Facility Provider;
- (ii) Additional Bonds issued pursuant to Section 2.07 hereof; and
- (iii) Other indebtedness ranking *pari passu* with the obligations hereunder if such indebtedness could have been issued as Additional Bonds (i.e. upon satisfaction of the applicable provisions of Section 2.07 hereof).

Notwithstanding the preceding language, no such liens may be incurred or permitted to exist unless permitted by each Credit Facility Agreement.

Section 7.27 Maintenance. The Issuer shall cause the University Board to maintain and preserve all of the Improvements and Facilities in good working order, making from time to time all necessary repairs and replacements.

Section 7.28 Continuation of Operating Lease. The Issuer shall maintain the Operating Lease in force and shall ensure that the lessee thereunder continues to operate the Housing System, Parking System and Student Union Addition operations substantially as presently conducted.

Section 7.29 Continuing Disclosure. In accordance with applicable securities laws and in the event of a conversion of the Rate Period for the Bonds of any series to a Multiannual Rate Period or to a Fixed Rate Period, the Issuer shall execute and deliver a certificate of continuing disclosure in form and substance reasonably acceptable to the Remarketing Agent to remain in effect so long as the Bonds bear interest at the Multiannual Rate or at a Fixed Rate. The Trustee does not have a duty to enforce the continuing disclosure obligations of the Issuer under the Rule; however, the Trustee, the Bond Insurer, the Credit Facility Provider or any Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under the Rule. Notwithstanding any other provision of this Indenture, failure of the Issuer to comply with any continuing disclosure requirements shall not be an Event of Default.

ARTICLE VIII

DISCHARGE OF INDENTURE

Section 8.01 Bonds Deemed Paid; Discharge of Indenture. Subject to the provisions of Exhibit C hereof, any Bond will be deemed paid for all purposes of this Indenture when (a) payment of the principal of and the maximum amount of interest that may become due on the Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) or the payment of the purchase price of any Bond that may be required to be purchased either (1) has been made in accordance with the terms of the Bonds or (2) has been provided for by depositing with the Trustee (A) moneys sufficient to make such payment and/or (B) non-callable and non-prepayable U.S. Government Obligations described in clauses (a) or (b) of such term maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, (b) all compensation and expenses of the Trustee pertaining to each Bond in respect of which such deposit is made have been paid or provided for to the Trustee's satisfaction, (c) in the case of clause (a)(2), the Trustee has received an Opinion of Counsel of nationally recognized standing familiar with bankruptcy matters, acceptable to the Rating Agency, to the effect that the deposit of moneys and U.S. Government Obligations would not be recoverable by a trustee in bankruptcy on the bankruptcy of the Issuer, and an Opinion of Tax Counsel to the effect that the deposit of moneys and U.S. Government Obligations and the discharge of the Indenture would not have any materially adverse federal income tax consequences to an Owner, (d) in the case of clause (a)(2) and the Bonds are not bearing interest at a fixed rate, written confirmation from each Rating Agency rating the Bonds that the rating will not be reduced or withdrawn, and (e) in the case of (a)(2) there is delivered to the Trustee a report by an entity satisfactory to the Trustee verifying that the U.S. Government Obligations will mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make payment of all principal and interest on the Bonds when due. When a Bond is deemed paid, it will no longer be secured by or entitled to the benefits of this Indenture or be an obligation of the Issuer, except for payment from such moneys or U.S. Government Obligations and except that it may be tendered for purchase if and as provided in this Indenture and it may be transferred, exchanged, registered, or discharged from registration or replaced as provided in Article II. Further, the obligations of this Indenture shall not be discharged unless the Trustee receives written notice from (x) the Credit Facility Provider to the effect that all obligations of the Issuer to the Credit Facility Provider under the Credit Facility Agreement have

been satisfied, (y) STING to the effect that all obligations of the Issuer to STING under the STING Agreement have been satisfied and (z) the Bond Insurer to the effect that all obligations of the Issuer to the Bond Insurer hereunder have been satisfied.

Notwithstanding the foregoing, no deposit under clause (a)(2) of the first paragraph of this Section will be deemed a payment of a Bond until (a) notice of redemption of the Bond is given in accordance with Article IV or, if the Bond is not to be redeemed or paid within the next sixty (60) days, until the Issuer has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions (1) to notify, as soon as practicable, the Depository, in accordance with Article IV, that the deposit required by (a)(2) above has been made with the Trustee and that the Bond is deemed to be paid under this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of the Bond and, if the Bond is to be redeemed rather than paid, (2) to give notice of redemption at least fifteen (15) but not more than sixty (60) days before the redemption date (or, in the case of STING Rate Bonds, not less than two (2) Business Days before the redemption date), or (b) the maturity of the Bond.

When all outstanding Bonds are deemed paid under the foregoing provisions of this Section and all obligations of the Issuer to the Credit Facility Provider under the Credit Facility Agreement have been satisfied in full, the Trustee will upon request acknowledge the discharge of the Issuer's obligations under this Indenture and the Bonds except for obligations under Article II in respect of the transfer, exchange, registration, discharge from registration and replacement of Bonds.

No deposit will be made or used in any manner which, in the Opinion of Tax Counsel, would cause any Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 8.02 Application of Trust Money. The Trustee will hold in trust money or U.S. Government Obligations deposited with it pursuant to the preceding Section and apply the deposited money and the proceeds from the U.S. Government Obligations in accordance with this Indenture only to the payment of principal of and interest on the Bonds and the payment of the purchase price of Bonds, which have been tendered or become subject to required purchase.

Section 8.03 Repayment to Credit Facility Provider and the Issuer. The Trustee will promptly pay, upon receipt of a written request to do so to the Credit Facility Provider (to the extent the Credit Facility Provider certifies to the Trustee, and provides three (3) days written notice to the Issuer, that the Issuer is indebted to it under the Credit Facility Agreement), and then to the Issuer any excess money or securities held by the Trustee at any time under this Article and any money held by the Trustee under any provision of this Indenture for the payment of principal or interest or for the purchase of Bonds that remains unclaimed for two years, and an Owner may then look solely to the Issuer for payment of such principal or interest or purchase price. Upon any such disposition, all liability of the Trustee with respect to such funds shall cease. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. All moneys held by the Trustee and subject to this Section 8.03 shall be held uninvested and without liability for interest thereon. Before making any payment under this Section 8.03, the Trustee shall be entitled to receive at the Issuer's expense an opinion of counsel to the effect that said payment is permitted under applicable law.

Section 8.04 Assignment to Credit Facility Provider. The Issuer does hereby pledge and assign for the benefit of the Credit Facility Providers, in consideration of the Credit Facility Provider's issuance of a Credit Facility, all of the Trust Estate (to the extent available as security for the Credit

Facility Bonds secured by the Credit Facility) herein assigned to the Trustee as security for the payment of the Bonds secured thereby. Accordingly, anything in this Indenture to the contrary notwithstanding, subject to the provisions of Exhibit C hereof, in the event, in connection with the payment of the Bonds in full in accordance with Section 8.01 hereof, the Trustee draws under the Credit Facility for the purpose of paying all or any portion thereof, then, in such event, the Trustee shall, promptly following the Credit Facility Provider's honor of the draft so drawn by the Trustee and at the written request of the Credit Facility Provider, but not before all obligations of the Issuer under all STING Agreements and under the STING Rate Bonds have been satisfied, transfer and assign to the Credit Facility Provider the Trust Estate, and, in addition, shall remit to the Credit Facility Provider all amounts in any of the funds created by this Indenture which remain after the payment in full of the Bonds (except for any balance remaining in the Rebate Account and except amounts held for the payment of the principal of and premium, if any, and interest on, or the purchase price of, any Bonds, any accrued and unpaid amounts held by the Trustee in accordance with Section 8.01 hereof, and any amounts owed the Trustee for its fees and expenses). Unless and until so transferred, the Trustee shall continue to hold the Trust Estate as security for, and for the benefit of, the Credit Facility Provider and, to the extent any obligations of the Issuer under any STING Agreement and under the STING Rate Bonds remain unsatisfied, STING, and, to the extent any obligations of the Issuer to the Bond Insurer with respect to the Insured Bonds remain unsatisfied, the Bond Insurer.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01 Events of Default. An "Event of Default" is any of the following:

- (a) A default in the payment of interest on any Bond when it becomes due.
- (b) A default in the payment of principal on any Bond at maturity, upon acceleration or redemption or otherwise when it becomes due.
- (c) A default in the payment of the purchase price of any Credit Facility Bond required by its Owner to be purchased pursuant to its terms.
- (d) The Issuer fails to perform any of its agreements in this Indenture, the Bond Documents or the Bonds (other than a default under clause (a), (b) or (c) above), the performance of which is material to the Owners, and the failure continues after the notice and for the period specified in this Section.
- (e) The Issuer pursuant to or within the meaning of any Bankruptcy Law (1) commences a voluntary case, (2) consents to the entry of an order for relief against it in an involuntary case, (3) consents to the appointment of a custodian for it or any substantial part of its property or (4) makes a general assignment for the benefit of its creditors.
- (f) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (1) is for relief against the Issuer in an involuntary case, (2) appoints a custodian for the Issuer or any substantial part of its property or (3) orders the winding up or liquidation of the Issuer, and the decree or order remains unstayed and in effect for sixty (60) consecutive days.
- (g) The Trustee receives written notice from a Credit Facility Provider for a series of Bonds secured by its Credit Facility, upon which the Trustee may conclusively rely, that an "event of default" has occurred under the Credit Facility Agreement which notice instructs the Trustee to declare

the principal of such series of Credit Facility Bonds then outstanding, and interest thereon to be immediately due and payable or instructs the Trustee to institute a mandatory tender (required purchase) for the Bonds pursuant to Section 3.13.

(h) The Trustee receives written notice from STING that an “event of default” has occurred and is continuing under a STING Agreement and instructing the Trustee to declare the principal of such series of STING Rate Bonds then outstanding and the interest thereon to be immediately due and payable.

(i) The occurrence of an “Event of Default” or default (however defined) under the Ground Lease, the Phase XI Ground Lease or the Operating Lease after the expiration of all applicable grace and cure periods, or the termination of the Ground Lease, the Phase XI Ground Lease or the Operating Lease.

A default under clauses (a), (b) or (c) of this Section shall be deemed a default under the same respective clause for all other of the Bonds secured by the same revenues on a parity with the defaulted Bonds.

A default under clause (d) of this Section (other than the occurrence of a Determination of Taxability to which this paragraph shall not be applicable) is not an Event of Default until (i) the Trustee, with the consent of the Credit Facility Provider, STING or the Bond Insurer, where applicable, if any, gives the Issuer a notice specifying the default, demanding that it be remedied and stating that the notice is a “Notice of Default,” and (ii) the Issuer does not cure the default within thirty (30) days after receipt of the notice, or within such longer period as the Credit Facility Provider or the Bond Insurer where applicable, if any, may agree to. In the event, however, that such default under clause (d) of this Section be such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and diligently pursued (as determined by the Trustee) until the default is corrected

Section 9.02 Acceleration.

(a) **Rights of Credit Facility Providers, STING and Bond Insurer.** Each Credit Facility Provider, provided that such Credit Facility Provider has not failed to honor a draw made under and in strict compliance with its Credit Facility, each Bond Insurer, provided there is no Bond Insurer Default in effect, and STING shall have the right to exercise or direct, with respect to the series of Bonds secured by its Credit Facility or Bond Insurance Policy, or STING Rate Bonds, as applicable, the exercise of remedies and rights under this Indenture as herein provided.

(b) **Acceleration.** Subject to the rights of a Credit Facility Provider, a Bond Insurer or STING to exercise or direct the exercise of remedies as set forth in subparagraph (a) above with respect to a series of Bonds secured by its Credit Facility or Bond Insurance Policy or STING Rate Bonds, as applicable, if an Event of Default under clause (e) or (f) of the foregoing Section 9.01 occurs, the Trustee, by notice to the Issuer, shall immediately declare the principal and accrued interest on such series of Bonds to be due and payable on such day and all interest thereon shall cease to accrue (an “acceleration”). Upon written direction of a Credit Facility Provider, the Trustee shall institute a mandatory tender (required purchase) of the related series of Bonds secured by its Credit Facility in lieu of acceleration and draw upon such Credit Facility for such purpose. If an Event of Default described in Section 9.01 (a), (b), (c) or (i) has occurred and is continuing with respect to a series of Bonds, the Trustee by notice to the Issuer, or acting through the Depository the Owners of at least 25% in principal amount of such series of Bonds by notice to the Issuer and the Trustee, may, and at the direction of STING, if such Bonds are STING Rate Bonds, and at the direction of the Bond Insurer, if such Bonds are Insured Bonds, shall,

declare the principal of and accrued interest to the date of acceleration of such series of Bonds to be due and payable immediately and, on such day, all interest thereon shall cease to accrue. The Trustee shall also give a copy of each such notice to the related Credit Facility Provider and the related Bond Insurer, if a Credit Facility or Bond Insurance Policy is then in effect for such series of Bonds. The Trustee may, and upon the written request of Owners of a majority in principal amount of the related series of Bonds shall, rescind and annul such acceleration and its consequences if, before the entry of a judgment or decree for payment of the amounts due: (i) all existing Events of Default, other than the nonpayment of principal of, redemption premium, if any, and interest on such series of Bonds that have occasioned such acceleration, have been cured or waived, (ii) there has been paid to or deposited with the Trustee by or for the account of the Issuer, or provision satisfactory to the Trustee has been made for the payment of a sum sufficient to pay: (A) all overdue installments of interest on such series of Bonds; (B) the principal of, and redemption premium, if any, on any Bonds that have become due other than by such declaration of acceleration and interest thereon; (C) to the extent lawful, interest upon overdue installments of interest and redemption premium, if any; and (D) all sums paid or advanced by the Trustee hereunder, together with the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel prior to the date of notice of rescission; (iii) all payments due the Trustee and any predecessor Trustee under Section 10.05 have been made; (iv) when a Credit Facility is in effect, the Credit Facility Provider consents in writing prior to any such rescission and provides written confirmation that the amount available to be drawn under the Credit Facility is reinstated to what it would have been had the acceleration not occurred; and (v) with respect to STING Rate Bonds, STING consents in writing prior to any such rescission.

If an Event of Default described in Section 9.01(g) has occurred, upon receipt of a notice that an "event of default" has occurred under the Credit Facility Agreement, the Trustee shall declare the principal of and accrued interest on such series of Bonds then outstanding secured by the Credit Facility to be due and payable, and, on such day, all interest thereon shall cease to accrue. A notice given under Section 9.01(g) of the existence of an "event of default" under a Credit Facility Agreement for (1) any Parking System Bonds shall constitute an Event of Default with respect to all Parking System Bonds secured on a parity therewith (collectively, the "Defaulted Parity Parking Bonds") and any Credit Facility Provider or Bond Insurer with respect to Defaulted Parity Parking Bonds, or STING with respect to Defaulted Parity Parking Bonds that are STING Rate Bonds, as applicable, shall have the right to direct the Trustee, and upon such direction the Trustee shall, declare the principal of and interest on such Bonds secured by the related Credit Facility or Bond Insurance Policy or that are STING Rate Bonds, as applicable, then outstanding to be due and payable, and on such day, all interest thereon shall cease to accrue, (2) any Housing System Bonds shall constitute an Event of Default with respect to all Housing System Bonds secured on a parity therewith (collectively, the "Defaulted Parity Housing Bonds") and any Credit Facility Provider or Bond Insurer with respect to Defaulted Parity Housing Bonds, or STING with respect to Defaulted Parity Housing Bonds that are STING Rate Bonds, as applicable, shall have the right to direct the Trustee, and upon such direction the Trustee shall, declare the principal of and interest on such Bonds secured by the related Credit Facility or Bond Insurance Policy or that are STING Rate Bonds, as applicable, then outstanding to be due and payable, and on such day, all interest thereon shall cease to accrue or (3) any Student Union Bonds shall constitute an Event of Default with respect to all Student Union Bonds secured on a parity therewith (collectively, the "Defaulted Parity Student Union Bonds") and any Credit Facility Provider or Bond Insurer with respect to Defaulted Parity Student Union Bonds shall have the right to direct the Trustee, and upon such direction the Trustee shall, declare the principal of and interest on such Bonds secured by the related Credit Facility or Bond Insurance Policy, as applicable, then outstanding to be due and payable, and on such day, all interest thereon shall cease to accrue.

If an Event of Default described in Section 9.01(h) has occurred, the Trustee shall declare the principal of and accrued interest on the related series of STING Rate Bonds then outstanding relating to

such STING Agreement to be due and payable, and, on such day, all interest thereon shall cease to accrue. A notice given under Section 9.01(h) of the occurrence and continuation of an "event of default" under a STING Agreement and direction by STING to accelerate the related series of STING Rate Bonds, for (1) any Parking System Bonds shall constitute an Event of Default with respect to all Parking System Bonds secured on a parity therewith (collectively, the "STING Defaulted Parity Parking Bonds") and any Credit Facility Provider or Bond Insurer with respect to STING Defaulted Parity Parking Bonds shall have the right to direct the Trustee, and upon such direction the Trustee shall, declare the principal of and interest on such Bonds secured by the related Credit Facility or Bond Insurance Policy, as applicable, then outstanding to be due and payable, and on such day, all interest thereon shall cease to accrue or (2) any Housing System Bonds shall constitute an Event of Default with respect to all Housing System Bonds secured on a parity therewith (collectively, the "STING Defaulted Parity Housing Bonds") and any Credit Facility Provider or Bond Insurer with respect to STING Defaulted Parity Housing Bonds shall have the right to direct the Trustee, and upon such direction the Trustee shall, declare the principal of and interest on such Bonds secured by the related Credit Facility or Bond Insurance Policy, as applicable, then outstanding to be due and payable, and on such day, all interest thereon shall cease to accrue.

The Credit Facility Provider, the Bond Insurer, STING or the Owners of a majority in principal amount of the outstanding Bonds, with the prior written approval of the Credit Facility Provider or the Bond Insurer for such series of Bonds when a Credit Facility is in effect or such Bonds are secured by a Bond Insurance Policy, or STING, if such Bonds are STING Rate Bonds, by notice to the Trustee may waive an existing Event of Default with respect to such Bonds by delivery of a written notice of rescission to the Trustee. If such Bonds are Credit Facility Bonds, the Trustee shall waive the Event of Default upon receipt of notice indicating that the Credit Facility has been reinstated up to the full amount available under it immediately prior to such Event of Default (as may be adjusted to reflect any prepayment) and including a notice of rescission, suspension or waiver of any Event of Default under the Credit Facility Agreement. When an Event of Default is waived, it shall be deemed cured and not continuing (until the expiration of such waiver, if any), but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

Upon any declaration of acceleration on the Bonds as described in the first paragraph of Section 9.02(b), the Trustee shall immediately draw under the related Credit Facility for such series Bonds, if any, and interest on overdue principal and, to the extent lawful, on overdue interest on each Bond outstanding will be payable at the rate borne by such Bond on the day before the default occurred.

Section 9.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee, for the benefit of the Owners and the respective Credit Facility Providers and Bond Insurer, regardless of whether the Bonds held by such Owner or secured by such Credit Facility Provider or Bond Insurer are in default or has been accelerated, may pursue any available remedy by proceeding at law or in equity to collect the principal of or interest on the Bonds or to enforce the specific performance of any provision of the Bonds, this Indenture, the other Bond Documents or the Credit Facility including the following:

(a) Receivership and Rental Income. Apply for and be unconditionally entitled to (i) the appointment of a receiver and/or (ii) the receipt of all rental and other income from the Facilities and Property; and

(b) Secure Property. At its option upon providing the University with thirty (30) days' notice and right to remedy, enter into possession of the Property (itself or through appointment of a receiver) and, with or without possession, perform or cause to be performed any and all work and labor necessary to complete the Improvements substantially according to the Plans, or otherwise, and take all appropriate steps to secure, protect and operate the Property. Without limiting the generality of the foregoing, the Trustee, upon entering into possession, is specifically given the right to complete the

Improvements and any other improvements (including tenant and finish work) which the Trustee determines in good faith to be necessary or desirable to complete the Improvements. To protect its interest in the Improvements, the Trustee, upon taking possession, may (but shall be under no obligation to) provide for the use and occupancy of all or part of the Improvements from time to time in the name of the Issuer or the Trustee without further notice, for such term or terms, on such conditions and consideration and for such uses and purposes as the Trustee, in its discretion, may determine, and may collect and receive all revenue and rentals derived therefrom and apply the same, after deduction of all appropriate expenses, to payment of the Bonds. Effective upon the occurrence of an Event of Default, the Issuer hereby constitutes and appoints Trustee and any receiver of the Property its true and lawful attorney-in-fact with full power of substitution in the premises, to complete the Improvements in the name of the Issuer and hereby empowers Trustee or such receiver as its attorney-in-fact as follows: (1) to use any funds of the Issuer, including any balance which may be held by the Trustee for whatever purpose and any funds which may remain unadvanced hereunder, for the purpose of completing the Improvements in accordance with the Plans with such modifications therein as Trustee deems appropriate; (2) to employ such contractors, subcontractors, agents, architects and inspectors as Trustee may deem to be desirable for said purposes; (3) to execute all applications and certificates in the name of the Issuer; (4) to pay, settle or compromise any claims which are or may be the basis for liens against the Improvements or as determined by the Trustee to be necessary or desirable for completion or protection of the Improvements; and (5) to do any and every act which the Issuer could be required by the Trustee to do in its own behalf. The Trustee or such receiver, as attorney-in-fact, shall also have power to prosecute and defend all actions or proceedings in connection with the construction and/or security of the Improvements and to take such action and require such performance as it deems necessary under Bonds, guaranties or other assurances of completion. The Trustee or such receiver may, without liability to the Issuer, bring suit on, compromise or release any bonds or agreements relating to the Improvements and may terminate or modify any construction or other agreements relating to the Improvements. The Issuer hereby assigns and transfers to the Trustee all sums unadvanced hereunder for use in the completion of the Improvements and payment of all costs directly related to such completion and/or security thereof. In the absence of gross negligence or willful misconduct, neither the Trustee nor such receiver shall be liable for any action or failure to act with respect to the Improvements and no action or failure to act by the Trustee or such receiver after Default shall discharge or otherwise affect the obligations of the Issuer.

(c) Receipt of Net Revenues. Require that payment of the Net Revenues be made directly to the Trustee or a receiver for the Trustee and apply all Net Revenues to the obligations owed to the Trustee or the Credit Facility Provider.

(d) Insurance Proceeds. The Issuer authorizes the Trustee to collect and apply against the indebtedness any refund of insurance premiums or any insurance proceeds payable on account of the loss or damage to any of the Collateral and appoints the Trustee as the Issuer's attorney-in-fact to endorse any check or draft representing such proceeds or refund.

(e) No Waiver. No delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon any Event of Default or with respect to any indebtedness shall impair any such right or remedy or constitute a waiver of that or any other right, and no single or partial exercise of any right shall preclude the Trustee or any Owner from any other or further exercise of the right or the exercise of any other right or remedy. Every right and remedy given by this Article or by law to the Trustee or the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Owners, as the case may be. The Trustee may cure any default by the Issuer in any reasonable manner without waiving the default so cured and without waiving any other prior or subsequent default by the Issuer.

No right or remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given hereunder or under any Bond Document or now or hereafter existing at law, in equity or otherwise. The assertion or employment of any right or remedy hereunder shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

The Trustee may enforce all rights under this Indenture, the other Bond Documents and the Bonds or maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. Any proceedings instituted by the Trustee may be brought in its name for itself or as representative of the Owners without the necessity of joining Owners as parties, and any recovery resulting from such proceedings shall, subject to Section 9.10, be for the ratable benefit of the Owners. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

In the event that the Trustee receives any other funds pursuant to this Section 9.03, such funds shall be deemed Housing System Revenues, Parking System Revenues or Student Union Revenues, as appropriate.

Section 9.04 Waiver of Past Defaults. A Credit Facility Provider or the Owners of a majority in principal amount of the outstanding Bonds, with the prior written approval of such Credit Facility Provider when a Credit Facility is in effect, by notice to the Trustee may waive an existing Event of Default and its consequences with respect to such Bonds if the Credit Facility is reinstated up to the full amount available under it immediately prior to each Event of Default. Such written approval of a Credit Facility Provider shall include a notice of rescission of any Event of Default under the Credit Facility Agreement. When an Event of Default is waived, it is cured and stops continuing (until the expiration of such waiver, if any), but no such waiver will extend to any subsequent or other Event of Default or impair any right consequent to it.

Notwithstanding any provision of this Indenture, in no event shall any Person, other than all of the affected Owners, have the ability to waive any Event of Default under the Indenture if such event results or may result, in the Opinion of Tax Counsel, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes.

Section 9.05 Control by Credit Facility Provider or Majority; Apportionment of Revenues. Subject to the Trustee's right to be indemnified to its satisfaction, the Credit Facility Provider may, so long as a Credit Facility is in effect and the Credit Facility Provider has not failed to honor a draw made under and in strict compliance with the Credit Facility, or if any obligations remain outstanding under the related Credit Facility Agreement, and if no Credit Facility is in effect and no obligations remain outstanding under the related Credit Facility Agreement, the Owners of a majority in principal amount of the outstanding Bonds may, direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 9.01, that the Trustee determines is unduly prejudicial to the rights of other Owners, or would involve the Trustee in personal liability. The Trustee shall not be liable for any action directed by a Credit Facility Provider under this Section except for the Trustee's willful misconduct or gross negligence.

Section 9.06 Limitation on Suits. An Owner may not pursue any remedy with respect to this Indenture or the Bonds unless (a) the Owner gives the Trustee notice stating that an Event of Default has

occurred and is continuing, (b) the Owners of at least 25% in principal amount of the outstanding Bonds make a written request to the Trustee to exercise the powers granted herein in an Event of Default and to pursue such remedy in its or their name or names, (c) such Owner or Owners offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense reasonably anticipated to be incurred (d) the Trustee declines to comply with the request, or has failed to do so, within sixty (60) days after receipt of the request and the offer of indemnity, and (e) no direction inconsistent with such request has been given to the Trustee during such sixty (60) day period by Owners of a majority in principal amount of the outstanding Bonds.

The provisions of the first paragraph of this Section are conditions precedent to the exercise by any Owner of any remedy hereunder. The exercise of such rights is further subject to the provisions of Sections 9.04, 9.05 and 9.07. No one or more Owners shall have any right in any manner whatever to enforce any right under this Indenture, except in the manner herein provided. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner herein provided for the equal and ratable benefit of the Owners of all outstanding Bonds.

An Owner may not use this Indenture to prejudice the rights of another Owner or to obtain a preference or priority over any other Owner.

Section 9.07 Rights of Owners to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Owner to receive payment of principal of and interest on a Bond, on or after the due dates expressed in the Bond, or the purchase price of a Bond on or after the date for its purchase as provided in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of such Owner and shall be absolute and unconditional.

Section 9.08 Collection Suit by Trustee. If an Event of Default under Section 9.01(a), (b) or (c) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust for the whole amount remaining unpaid.

Section 9.09 Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding under Bankruptcy Law relating to the Issuer, the Credit Facility Provider or any other obligor upon the Bonds, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Issuer or the Credit Facility Provider for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(i) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the outstanding Bond or for breach of this Indenture or the Bond Documents and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and

(iii) any receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 10.05.

(b) No provision of this Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Owner of the Bonds any plan of reorganization, arrangement, adjustment or composition affecting any of the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any proceeding described in subsection (a) of this Section.

Section 9.10 Application of Revenues During the Occurrence of an Event of Default.

After the occurrence and upon the continuation of an Event of Default, the revenues pledged to secure payment of the Bonds outstanding under this Indenture shall continue to be applied by revenue type to make payments in the order set forth in Section 5.02(b), with any balance deposited to the general operating and reserve funds of the Issuer. In the event that the pledged revenues are insufficient to make all required payments hereunder as the same shall become due (including, without limitation, all amounts owed under the Credit Facilities and the Bond Insurance Policy), the Issuer shall promptly forward to the Trustee an amount necessary to cover such deficiency from any and all available funds of the Issuer. In the event that the Issuer is unable to pay such deficiency in its entirety, the amounts received by the Trustee pursuant to the immediately preceding sentence shall be applied pro rata to all outstanding amounts due hereunder.

Section 9.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of a bond to pay the costs of such suit. Nothing contained in this Indenture shall be deemed to constitute an undertaking by the Trustee to pay the costs of such suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by an Owner pursuant to Section 9.06 or a suit by Owners of more than 10% in principal amount of the Bonds.

Section 9.12 Marshaling of Assets. Upon the occurrence of an Event of Default, all moneys in all Funds (other than moneys in the Rebate Account) shall be available to be utilized by the Trustee in accordance with this Article. The rights of the Trustee under Section 10.05 shall be applicable. During the continuance of any such Event of Default, all provisions of this Indenture relating to the utilization of Funds, including but not limited to those set out in Article V, shall be superseded by this Article. Subsequent to the curing or waiver of any such Event of Default, the provisions of this Indenture relating to utilization of Funds, including the provisions of Article V, shall be reinstated.

Section 9.13 Notice and Opportunity to Cure Certain Defaults. No default under Section 9.01(d) (other than the occurrence of a Determination of Taxability, to which this Section 9.13 shall not be applicable) shall constitute an Event of Default until written notice of such default shall have been given to the Issuer by the Trustee or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds, and the Issuer shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default is such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and diligently pursued (as determined by the Trustee) until the default is corrected. The Trustee shall

send a copy of each such notice to the Credit Facility Provider, but receipt of such notice by the Credit Facility Provider shall not be a condition precedent to further action by the Trustee.

Section 9.14 Restoration of Rights and Remedies. If the Trustee or any Owner has instituted any proceeding to enforce any right or remedy under this Indenture or the Bonds, and any such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Owner, then the Issuer, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

Section 9.15 Notice of Events of Default. If an Event of Default occurs of which the Trustee has or is deemed to have notice under Section 10.02(k), the Trustee shall give prompt notice thereof to each Credit Facility Provider and to STING. Within ninety (90) days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to the Depository, provided, however, that except in the instance of an Event of Default under Section 9.01(a) or (b), the Trustee may withhold such notice to the Depository if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of Owners, and provided, further, that notice to Depository of any Event of Default under Section 9.01(d) shall be subject to the provisions of Section 9.13 and shall not be given until the grace period has expired.

Section 9.16 Limitation on Remedies. Notwithstanding any rights or remedies conferred upon or reserved to the Trustee under this Indenture, the other Bond Documents and the Bonds, each right or remedy relating to the application of the Net Revenues is subject to the limitations under the Operating Lease.

ARTICLE X

TRUSTEE AND REMARKETING AGENT

Section 10.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) the Trustee need perform only those duties that are specifically set forth in the Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee, and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee that conform to the requirements of this Indenture. However, the Trustee is under a duty to examine the certificates and opinions to reasonably determine whether they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 10.01.

(2) the Trustee is not liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts, and

(3) the Trustee is not liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 9.05.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Trustee may not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 9.02 while the Credit Facility is in effect or to drawing on the Credit Facility or to paying principal and interest or purchase price when due and payable.

(e) The Trustee shall not be liable for interest on any cash (including unredeemed Bond balances) held by it except as the Trustee may agree with the Issuer.

(f) The Trustee may rely on the Issuer Representative's certificate as to whether an Act of Bankruptcy has occurred.

(g) Except as otherwise provided herein, the Trustee shall draw moneys (without indemnity) under the Credit Facility in accordance with the terms thereof to the extent required to make payments of the purchase price of Credit Facility Bonds tendered or deemed tendered for purchase pursuant to Article IV hereof, and shall immediately apply such moneys to make payment of the purchase price.

(h) The Trustee shall maintain records of all investments and disbursements of proceeds in the funds and accounts established pursuant to this Indenture through the date ending six (6) years following the date on which all the Bonds and Additional Bonds have been retired.

(i) Every provision of this Indenture that in any way relates to the Trustee is subject to all of the foregoing paragraphs of this Section.

Section 10.02 Rights of Trustee. Subject to the foregoing Section:

(a) The Trustee may rely and is protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require a certificate of an officer or officers of the Issuer or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the certificate or Opinion of Counsel.

(c) The Trustee may perform any act permitted or required by this Indenture, including making any payment with respect to the Bonds, registering any transfer of any interest in the Bonds and drawing on the Credit Facility, through agents or co-trustees. The Trustee will not be responsible for the misconduct or negligence of any agent or co-trustee appointed by it with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith, which it believes to be authorized or within its rights or powers.

(e) The Trustee is under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners unless such Owners have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the Owners of a majority in aggregate principal amount of the Bonds.

(f) Any request, direction, order or demand of the Issuer under this Indenture shall be sufficiently evidenced by an officer's certificate (unless other evidence thereof is specifically prescribed) and any resolution of the Governing Board of the Issuer may be sufficiently evidenced by a copy thereof certified by the Secretary or an authorized representative of the Issuer, as appropriate.

(g) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon an officer's certificate.

(h) The Trustee may consult with counsel and the written advice of such counsel or an Opinion of Counsel shall be full and complete authorization and protection for any action taken, suffered or omitted by it in good faith and in accordance with such advice or opinion.

(i) The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, Bond, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the Issuer, in person or by agent or attorney.

(j) The Trustee may execute any of its trusts or powers or perform any duties under this Indenture either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in Section 10.05, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it.

(k) The Trustee is not required to take notice or deemed to have notice of any default or Event of Default hereunder, except Events of Default under Section 9.01(a), (b) and (c), unless a Responsible Officer of the Trustee has actual knowledge thereof or has received notice in writing of such default or Event of Default from the Issuer, a Credit Facility Provider or the Owners of at least 25% in aggregate principal amount of the outstanding Bonds, or in the case of an Event of Default described in Section 9.01(h), STING, and in the absence of any such notice, the Trustee may conclusively assume that no such default or Event of Default exists.

(l) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(m) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Owners of Bonds, each representing less than a majority in aggregate principal amount of the outstanding Bonds, pursuant to the provisions of this Indenture, the

Trustee, in its sole discretion, may determine what action, if any, shall be taken and shall not be liable for any such action it takes or omits to take.

(n) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Bonds.

(o) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so; and

(p) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Anything in this paragraph notwithstanding, the Trustee shall draw upon the Credit Facility when required by this Indenture without the requirement of prior indemnity or repayment.

Section 10.03 Individual Rights of Trustee, etc. The Trustee in its individual, commercial banking or in any other capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action that any Owner may be entitled to take with like effect as if it were not Trustee. The Trustee (including any of its affiliates) in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depository, trustee or agent for any committee of Owners secured hereby or other obligations of the Issuer as freely as if it were not Trustee.

Section 10.04 Trustee's Disclaimer. The Trustee makes no representation as to the validity, adequacy or correctness of this Indenture or the Bonds and it shall not be responsible for any statement in the Bonds other than its certificate of authentication, it shall not be accountable for the Issuer's use or application of the proceeds from the Bonds paid to the Issuer, or for the use or application of any moneys paid over by the Trustee in accordance with any provisions of this Indenture. The Trustee makes no representations as to the value, condition or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title or interest of the Issuer therein, the security provided thereby or by this Indenture, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds.

Section 10.05 Compensation and Indemnity of Trustee. For acting under this Indenture, the Trustee shall be entitled to payment from the Issuer of reasonable fees for its services, including any extraordinary fees and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture.

To secure the payment or reimbursement to the Trustee provided for in this Section, the Trustee shall have a lien, which it may exercise through a right of setoff, to which the Bonds are made subordinate, on all money or property held or collected by the Trustee, except amounts held in trust to pay principal of and interest on, or principal on or purchase price of the Bonds which has become due and payable, amounts held in the Rebate Account, amounts drawn on the Credit Facility, amounts held for payment of redemption after notice of redemption has been sent, and remarketing proceeds.

The Issuer agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees (including the allocated costs and expenses of in-house counsel and legal staff) ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instructions or other directions upon which the Trustee is authorized to rely pursuant to the terms of this Indenture. In addition to and not in limitation of the immediately preceding sentence, the Issuer also agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Indenture, provided the Indemnitees have not acted with gross negligence or engaged in willful misconduct. The rights of the Trustee under this Section 10.05 shall survive the Trustee's resignation or removal. The provisions of this Section 10.05 shall survive expiration or termination of this Indenture.

Section 10.06 Eligibility of Trustee. There shall at all times be a Trustee hereunder that is a bank (with trust powers), trust company or banking association organized and doing business under the laws of the United States of America or of any state or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 (or an affiliate of a bank (with trust powers), trust company or banking association meeting that requirement which guarantees the obligations and liabilities of the proposed trustee), and subject to supervision or examination by federal or state banking authority. If such corporation, trust company or banking association publishes reports of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then for purposes of this Section, the combined capital and surplus of such corporation, trust company or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect specified in this Article.

Section 10.07 Replacement of Trustee. The Trustee may resign at any time by giving written notice to the Issuer, Credit Facility Provider, if any, the Bond Insurer, if any, STING, the Remarketing Agent, if any, and any Rating Agency then rating the Bonds. The Issuer may remove the Trustee at any time, by giving written notice of such removal to the Trustee, and may appoint a successor Trustee with the written consent of the Credit Facility Provider. Additionally, the Owners of a majority in principal amount of the Bonds may remove the Trustee by giving written notice to the Trustee and may appoint a successor Trustee with the Issuer's and the Credit Facility Provider's consent. If (a) the Trustee fails to comply with the foregoing Section 10.06, (b) the Trustee is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes incapable of acting, then (i) the Credit Facility Provider, with the written consent of the Issuer, may remove the Trustee, or (ii) any Owner, with the consent of the Issuer and the Credit Facility Provider, if any, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer, with the written consent of the Credit Facility Provider, shall promptly appoint a successor Trustee. The Issuer shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to the Owners of outstanding Bonds and to any Rating Agency then rating the Bonds. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

In each instance, such removal and appointment shall be accomplished by a written instrument or concurrent written instruments signed by the Issuer or the Credit Facility Provider or such Owners, as the case may be.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and the Issuer. Immediately thereafter, upon payment of all sums due to the retiring Trustee, the retiring Trustee shall execute and deliver an instrument transferring all properties, rights, powers and duties held by it as Trustee, including, in accordance with its terms, the Credit Facility, to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall, without further act become vested with all the estates, properties, rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall promptly give written notice of its appointment to the holders of all outstanding Bonds in the manner prescribed herein, unless such notice has previously been given.

No successor Trustee shall accept appointment as provided in this Section unless, as of the date of such acceptance, it is eligible and qualified under the provisions of Section 10.06.

If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, Credit Facility Provider or the Owners of a majority in principal amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Notwithstanding the foregoing, no resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee hereunder.

Section 10.08 Duties of Remarketing Agent. The Remarketing Agent as the Issuer's designee will set the interest rates on the Bonds and perform the other duties provided for in Article III and in the Remarketing Agreement, and will remarket Bonds on behalf of the Issuer and will purchase such Bonds as provided in the Bonds, Article IV hereof and in the Remarketing Agreement; provided, however, the Remarketing Agent shall never be required to advance its own funds for the purchase of Bonds. There may be separate Remarketing Agents for these functions. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Owner may do to the same extent as if the Remarketing Agent were not serving as such.

Section 10.09 Eligibility of Remarketing Agent; Replacement. The Remarketing Agent will be a bank, trust company or member of the Financial Industry Regulatory Authority organized and doing business under the laws of the United States or any state or the District of Columbia and permitted under such law to perform the duties of Remarketing Agent.

The Remarketing Agent may resign under the conditions and in the manner set forth in the Remarketing Agreement. The Issuer may remove the Remarketing Agent by notifying the Remarketing Agent, the Credit Facility Provider and the Trustee. Upon such resignation or removal, the Issuer may appoint a successor Remarketing Agent reasonably acceptable to the Credit Facility Provider by notifying the Issuer, Trustee and the Credit Facility Provider of such appointment. No resignation or removal will be effective until the successor has delivered an acceptance of its appointment to the Trustee.

Section 10.10 Compensation of Remarketing Agent. The Remarketing Agent will not be entitled to any compensation from the Trustee or any property held under this Indenture but must make separate arrangements with the Issuer for compensation.

Section 10.11 Successor Trustee or Remarketing Agent by Merger, etc. If the Trustee or Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all the bond administration portion of its corporate trust assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee or Remarketing Agent. Any such successor must nevertheless be eligible and qualified under the provisions of this Indenture and shall provide written notice prior to such consolidation, merger, or transfer to the Issuer.

Section 10.12 Appointment of Co-trustee. It is the purpose of this Indenture that there shall be no violation of the law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, or the Credit Facility and in particular in case of the enforcement thereof on any default or Event of Default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Issuer be required by the separate or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer provided that such instrument does not materially or substantively alter the rights or responsibilities of the Issuer. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee. The Trustee shall not be liable or responsible for any actions or omissions of any co-trustee.

Section 10.13 Service as Trustee, Authenticating Agent and Paying Agent. In the event and for so long as the same entity shall serve hereunder as Trustee, authenticating agent and paying agent, any notice required to be given to or by, or any act to be taken by, such entity in any one of such capacities may be given to or by, or taken by, such entity in any one of its other capacities. It is the purpose of this provision to obviate the necessity for any such notice to be given to or by such single entity to itself in another capacity or capacities, and to permit such entity to act uniformly in any capacity in which it is named.

Section 10.14 No Liability for Clean-up of Hazardous Materials. In the event that the Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out fiduciary or trust obligation for the benefit of another, which in the Trustee's sole discretion may cause the Trustee to be considered an "owner or operator" under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA),

42 U.S.C. §9601, et seq., or otherwise cause the Trustee to incur liability under CERCLA or any other federal, state or local Environmental Law, the Trustee reserves the right to, instead of taking such action, either resign as Trustee or arrange for the transfer of the title or control of the asset to a court appointed receiver. The Trustee shall have no responsibility, obligation or duty to enter upon or otherwise take possession or control of any asset or take any other action which would constitute taking possession or control of any asset until the Trustee shall be satisfied in its sole discretion and determination that neither it or the trusts created hereby shall incur by reason of such action any personal liability under any federal or state law for hazardous wastes, hazardous materials or other environmental liabilities.

The Trustee shall not be liable to the Issuer, the Credit Facility Provider or Owners for any environmental claims or contribution actions under any federal, state or local Environmental Law, rule or regulation by reason of the Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to the discharge, release or threatened release of hazardous materials into the environment.

ARTICLE XI

AMENDMENTS OF AND SUPPLEMENTS TO INDENTURE

Section 11.01 Without Consent of Owners. The Issuer and the Trustee may amend or supplement this Indenture with respect to all of the Bonds or any series of the Bonds without notice to or consent of any Owner, subject to Section 11.02 hereof (but with notice to the Issuer, the Credit Facility Provider, the Bond Insurer and the Remarketing Agent):

(a) to cure any ambiguity, inconsistency or formal defect or omission or correct or supplement any provision herein or in any supplemental indenture,

(b) to grant or confer upon to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee which are not contrary to or inconsistent with this Indenture as then in effect or to subject to the pledge and lien of this Indenture additional revenues, properties or collateral,

(c) to subject to this Indenture additional collateral or to add other covenants and agreements of the Issuer, thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer, which are not contrary to or inconsistent with this Indenture as then in effect,

(d) to modify this Indenture or the Bonds to permit qualification of this Indenture, if required, under the Trust Indenture Act of 1939 or the Securities Act of 1933, as from time to time amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States,

(e) to amend, modify, alter or replace the Letter of Representations as provided in Section 2.02,

(f) to evidence the succession of a new Trustee or the appointment by the Trustee or the Issuer of a co-trustee,

(g) to make any change (including a change in Section 5.01 to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Owner or Credit Facility Provider,

(h) to secure an initial rating or maintain an existing rating on the Bonds from a Rating Agency equal to the rating in effect on the Credit Facility Provider's unsecured obligations on similar terms, or

(i) to provide for the issuance of Additional Bonds as provided in this Indenture.

The Trustee shall not be obligated to enter into any such supplemental indenture that adversely affects the Trustee's own rights, duties or immunities under this Indenture.

Section 11.02 With Consent of Owners or Credit Facility Provider/Bond Insurer. (a) If an amendment of or supplement to this Indenture with respect to one or more series of the Bonds without consent of Owners is not permitted by the preceding Section, the Issuer and Trustee may enter into such amendment or supplement with respect to all of the Bonds or any series of the Bonds with the consent of: (i) the Owners of at least a majority in principal amount of any series of the Bonds affected by such amendment then outstanding together with the concurrence of the Credit Facility Provider or Bond Insurer, as applicable, or (ii) with respect to a series of Bonds affected by such amendment secured by a Credit Facility, the Credit Facility Provider alone so long as the Credit Facility Provider has not failed to honor a draw made under and in strict compliance with the Credit Facility, or (iii) with respect to a series of the Bonds affected by such amendment and insured by a Bond Insurance Policy, the Bond Insurer alone so long as the Bond Insurer is not in default under the Bond Insurance Policy; provided, however, that if any such modification or amendment will, by its terms, not take effect so long as any series of Bonds so affected remain outstanding, the consent of the Owners of such series of Bonds shall not be required and such series of Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section.

(b) However, without the consent of each Owner affected with respect to any particular series of Bonds, no amendment or supplement (which terms do not include the resetting of interest rates by the Remarketing Agent as provided in this Indenture) may (i) extend the maturity of the principal of, or interest on, any Bond, the redemption of any Bond or the amount or manner of payment of the purchase price thereof, (ii) reduce the principal amount of, or redemption premium on or rate of interest on, any Bond, or a change in the coin or currency in which such Bond is payable, (iii) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) reduce the percentage of the principal amount of the Bonds required for consent to any amendment or supplement, (v) impair the exclusion from gross income of interest on any Bond for purposes of federal income taxation, (vi) deprive any Owner of the lien created by this Indenture on such property, (vii) create a lien on or pledge of any part of the Trust Estate or the money or assets pledged under this Indenture or any part thereof, (viii) modify the optional or mandatory provisions of the Bonds, or (ix) effect a change in the provisions of this Section 11.02. In addition, if moneys or U.S. Government Obligations have been deposited or set aside with the Trustee pursuant to Article V for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of that Article shall be made without the consent of the Owner of each of those Bonds affected.

Section 11.03 Effect of Consents.

(a) After an amendment or supplement becomes effective, it will bind every Owner unless it makes a change described in any of the lettered clauses of the preceding Section. In that case, the amendment or supplement will bind each Owner who consented to it and each subsequent holder of a Bond or portion of a Bond evidencing the same debt as the consenting Owner's Bond.

(b) Each supplemental indenture executed and delivered pursuant to the provisions of Section 11.02 shall take effect only when and as provided in this Section 11.03. Such supplemental

indenture shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of Owners of the percentage of Bonds specified in Section 11.02 given as provided in Section 11.02 or of the Credit Facility Provider or the Bond Insurer, as appropriate, and (ii) the Opinion of Counsel described in Section 11.06. Any such consent shall be binding upon the Owner giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Owners have notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent holder of such Bonds by filing such revocation with the Trustee prior to the date the Trustee receives the material required in subsections (i) and (ii) of this subsection.

Notwithstanding anything else herein, if a supplemental indenture is to become effective under Section 11.02 on the same date as the date of issuance of Additional Bonds, the consents of the underwriters or purchasers of such Additional Bonds shall be counted for purposes of Section 11.02 and this Section.

Section 11.04 Notation on or Exchange of Bonds. If an amendment or supplement changes the terms of a Bond, the Trustee may place an appropriate notation on the Bond about the changed terms.

Section 11.05 Signing by Trustee of Amendments and Supplements. The Trustee shall sign any amendment or supplement to the Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee shall be entitled to receive and will be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by this Indenture and complies with its terms.

Section 11.06 Delivery of Opinion of Counsel with Respect to Supplemental Indentures. Subject to the provisions of Section 10.01, the Trustee in executing or accepting the additional trusts permitted by this Article or the modifications thereby of the trusts created by this Indenture may rely, and shall be fully protected in relying, on an Opinion of Counsel acceptable to it stating that (a) the execution of such Supplemental Indenture is authorized or permitted by this Indenture and (b) all conditions precedent to the execution and delivery of such Supplemental Indenture have been complied with, and an Opinion of Tax Counsel that the execution and performance of such Supplemental Indenture shall not, in and of itself, adversely affect the federal income tax status of the Bonds. The Trustee may accept and rely upon such Opinion of Counsel as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article complies with the requirements of this Article.

Section 11.07 Consents of Remarketing Agent. No amendments or supplements to this Indenture affecting the rights or duties of the Remarketing Agent shall be made without first obtaining the written consent of such party.

Section 11.08 Exclusion of Certain Bonds. Bonds owned or held by or for the account of the Issuer (except for Pledged Bonds and Bonds with respect to which a Credit Facility Provider exercises voting rights) shall not be deemed outstanding for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Article, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article or elsewhere in this Indenture. At the time of any consent or other action taken under this Article or elsewhere in this Indenture, the Issuer shall furnish the Trustee an officer's bond of the Issuer, upon which the Trustee may rely, describing all Bonds so to be excluded.

ARTICLE XII
MISCELLANEOUS

Section 12.01 Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Bonds must be in writing except as expressly provided otherwise in this Indenture or the Bonds. Unless otherwise provided herein, a written notice may be transmitted by electronically confirmed email or by telephonically confirmed facsimile transmission using a number provided by the receiving party.

(b) Any notice or other communication shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Issuer:

Florida Gulf Coast University Financing Corporation
10151 FGCU Boulevard South
Ft. Myers, Florida 33965-6565
Attention: Executive Director

with a copy to:

Florida Gulf Coast University
Office of General Counsel
10501 FGCU Boulevard South
Ft. Myers, Florida 33965-6565
Attention: Vee H. Leonard, General Counsel

if to the Trustee:

TD Bank, National Association
9715 Gate Parkway North,
Jacksonville, Florida 32246
Attention: Corporate Trust Department

if to the Remarketing Agent for the Series 2007B Bonds:

Barclays Capital, Inc.
745 Seventh Avenue, 7th Floor
New York, New York 10019
Attention: Municipal Product Division

if to the Remarketing Agent for the Series 2008A Bonds:

Wells Fargo Securities, as successor to
Wachovia Bank, National Association
301 South College Street, 9th Floor NC0612
Charlotte, North Carolina 28202

if to the Remarketing Agent for the Series 2009A Bonds:

BMO Capital Markets GKST Inc.
300 Sears Towers
233 E. Wacker Drive
Chicago, Illinois 60606
Attention: Remarketing Desk c/o Jan Brennan

if to the Bank for the Series 2007B Bonds,
Series 2008A Bonds and Series 2009A Bonds:

BMO Harris Bank N.A.
111 West Monroe Street, Suite 5C
Chicago, Illinois 60603
Telecopy No.: (312) 293-5811
Telephone No.: (312) 461-3146
Attention: Joseph Derezinski

with a copy to:

Bank of Montreal
Trade Finance Services Department, 3rd Floor
International Operations Services
234 Simcoe Street
Toronto, Ontario, Canada M5T 1T4
Telecopy No.: (877) 801-0414
Telephone No.: (877) 801-7787
Attention: Manager, U.S. L/C Processing Unit

if to STING for the Series 2005A Bonds and Series 2005B Bonds:

STI Institutional & Government, Inc.
1777 Main Street, 6th Floor
Sarasota, Florida 34236
Telecopy No.: (941) 951-3244
Telephone No.: (941) 951-3005
Attention: Joshua A. McCoy, Vice President

if to a Credit Facility Provider:

As provided in the Credit Facility Agreement

if to a Rating Agency:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attention: Public Finance Department
Structured Finance Group

Standard & Poor's
55 Water Street, 38th Floor
New York, New York 10041
Attention: pubfin_structured@standardandpoors.com

Fitch, Inc.
One State Street Plaza
New York, New York 10004
Attention: Municipal Structured Finance Group

if to the Bond Insurer for the Series 2003 Bonds, Series 2007A
Bonds and Series 2007C Bonds:

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

if to the Depository:
As set forth in Section 4.11 or as otherwise provided by the Depository.

Any addressee may designate additional or different addresses for purposes of this Section by giving notice as described above.

(c) Upon gaining actual knowledge of the following, the Trustee will give any Rating Agency then rating the Bonds notice of a change in the identity of the Trustee, the Remarketing Agent, the Bond Insurer or the Credit Facility Provider, any change in interest rate modes and the duration or extension of the mode, the extension, substitution, expiration or termination of the Credit Facility, redemption or defeasance of the Bonds, any mandatory tender or acceleration of the Bonds, any amendment or supplement to the Indenture or the Credit Facility, acceleration of the Bonds, the issuance of Additional Bonds or that all the Bonds have been redeemed or defeased.

Section 12.02 Owners' Consents, etc. Any consent or other instrument required by this Indenture to be signed by an Owner may be in any number of concurrent documents and must be signed by an Owner, Participant or other agent, thereto. Proof of the execution of such instrument or of the instrument appointing an agent and of the ownership of Bonds, if made in the following manner, shall be conclusive for any purposes of this Indenture with regard to any action taken by the Trustee under the instrument:

(a) The fact and date of a person's signing an instrument may be proved by the bond of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing the writing acknowledged before the officer the execution of the writing, or by an affidavit of any witness to the signing.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of such Bonds and the date of holding shall be proved in accordance with procedures established by the Depository and the Trustee may establish a Record Date for the purpose of identifying Owners entitled to issue any such consent.

Section 12.03 Limitation of Rights. Nothing expressed or implied in this Indenture or the Bonds shall give any person other than the Trustee, Issuer, Bond Insurer, Credit Facility Provider,

Remarketing Agent and Owners any legal or equitable right, remedy or claim under or with respect to this Indenture.

Section 12.04 Severability. If any term or provision of this Indenture or the Bonds shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforced to the fullest extent permitted by law.

Section 12.05 Payments Due on Holidays; Acts to be Performed. Except as otherwise provided herein, (a) with respect to amounts payable under STING Rate Bonds, if a payment date is not a Business Day, then payment may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of payment, and (b) with respect to amounts payable under Bonds that are not STING Rate Bonds, if a payment date is not a Business Day, then payment may be made on the next succeeding Business Day and no interest shall accrue for the intervening period. In any case where the last day by which an act may be performed hereunder shall not be a Business Day, then such act need not be performed by such day, but may be performed on the next succeeding Business Day with the same force and effect as if performed by the nominal date for such performance.

Section 12.06 Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State, without regard to conflict of law principles, and the laws of the United States of America; provided, however, that the Remarketing Agent's rights, duties, immunities, liabilities and standard of care in performance of their duties under the Indenture shall be governed by and construed in accordance with the laws of the state in which the Remarketing Agent's principal place of business is located.

Section 12.07 Captions. The captions in this Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Indenture.

Section 12.08 No Recourse Against the Issuer's Officers.

(a) No officer, agent or employee of the Issuer, shall be individually or personally liable for any payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds, but this Section shall not relieve an officer, agent or employee of the Issuer from the performance of any official duty provided by law or this Indenture.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee or agent of the Issuer, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or

equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(c) Notwithstanding anything to the contrary contained herein or in any of the Bonds or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Indenture, the Bonds or such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including reasonable attorneys' fees) in such action, (ii) neither the Issuer nor any officer, employee or agent of the Issuer shall be personally liable to the Trustee or any other person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under this Indenture, the Bonds or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction, other court order or judgment, or if required to comply with any final judgment and (iii) any judgment rendered against the Issuer for breach of its obligations under this Indenture, the Bonds or such other instruments or documents, shall be payable solely from the revenues and proceeds pledged under the Indenture, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(d) In acting under this Indenture, the Bonds or such other instruments or documents, or in refraining from taking such action, the Issuer may conclusively rely on the advice of its counsel.

Section 12.09 Counterparts. This Amended and Restated Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but all of which, when taken together, shall constitute but one and the same instrument, and shall become effective when copies hereof shall be delivered to each of the parties hereto, which copies, when taken together, bear the signatures of each of the parties hereto.

Section 12.10 Bonds Outstanding. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding.

Section 12.11 Times. All references to time referred to herein are references to Eastern Standard Time or Eastern Daylight Saving Time, whichever is in effect.

Section 12.12 Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Issuer, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

ARTICLE XIII

BOND INSURANCE

Section 13.01 Bond Insurance. The provisions contained in **Exhibit C – “Bond Insurance Provisions”** are a part of this Indenture and are specifically incorporated into this Indenture through this reference. Each such provision in the attached Exhibit C, shall apply only to the 2003 Bonds, the 2007A Bonds, and the 2007C Bonds, or to any other series of the Bonds that are insured by MBIA Insurance Corporation, and shall modify and take precedence over any language to the contrary with respect to each Section of this Indenture to which it specifically relates, except for Section 4 “Permitted Investments” which shall apply to all Bonds outstanding under this Indenture.

IN WITNESS WHEREOF, the undersigned have set their hands as of the date first written.

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

Curtis D Bullock

Executive Director

**TD BANK, NATIONAL ASSOCIATION,
as Trustee**

Vice President

IN WITNESS WHEREOF, the undersigned have set their hands as of the date first written.

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

Executive Director

**TD BANK, NATIONAL ASSOCIATION,
as Trustee**

James E. Pope
Vice President

CONSENT OF BOND INSURER

National Public Finance Guarantee Corporation ("National"), a stock insurance corporation, duly organized and existing under the laws of the State of New York, in its capacity as Administrator for MBIA Insurance Corporation ("MBIA") pursuant to the Administrative Services Agreement dated as of February 17, 2009 between MBIA and MBIA Insurance Corp. of Illinois, now known as National, and as the reinsurer of policy numbers 495550, 495560 and 499990 pursuant to the Amended and Restated Quota Share Reinsurance Agreement, as amended, effective as of January 1, 2009, by and between MBIA and National, with respect to the Series 2003 Bonds, Series 2007A Bonds and Series 2007C Bonds on behalf of MBIA does hereby consent to all of the terms of this Amended and Restated Trust Indenture, dated as of July 1, 2013.

**NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION**

By: 
Its: Managing Director

[Signature Page for Trust Indenture]

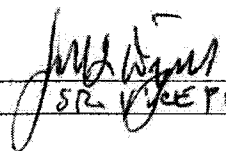
CONSENT OF CREDIT FACILITY PROVIDER

The undersigned, on behalf of BMO Harris Bank N.A., in its capacity as Credit Facility Provider for the Series 2007B Bonds, the Series 2008A Bonds and the Series 2009A Bonds, and as provided in the Credit Facility Agreements with respect to the Series 2007B Bonds, the Series 2008A Bonds and the Series 2009A Bonds, hereby consents to all of the terms of this Amended and Restated Trust Indenture.

BMO HARRIS BANK N.A.

By: _____

Its: _____

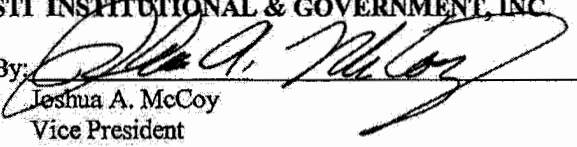

SR. VICE PRES.

[Signature Page for Trust Indenture]

CONSENT OF STING

The undersigned, on behalf of STI Institutional & Government, Inc., in its capacity as the owner of the Series 2005 Bonds, and as provided in the respective STING Agreements with respect to the Series 2005 Bonds, hereby consents to all of the terms of this Amended and Restated Trust Indenture to the extent such terms affect the Series 2005 Bonds.

STI INSTITUTIONAL & GOVERNMENT, INC.

By: 

Joshua A. McCoy
Vice President

[Signature Page for Trust Indenture]

[Schedule A, Appendices, and Exhibits Intentionally Omitted]

FIFTH SUPPLEMENT TO
AMENDED AND RESTATED TRUST INDENTURE

Between
FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION
and
TD BANK, NATIONAL ASSOCIATION

Dated as of December 1, 2025

This Fifth Supplement to Amended and Restated Trust Indenture dated as of December 1, 2025 between Florida Gulf Coast University Financing Corporation (the "Issuer") and TD Bank, National Association, as trustee (the "Trustee") supplements and amends certain provisions of that certain Amended and Restated Trust Indenture dated as of July 1, 2013, between the Issuer and the Trustee as previously amended by the First Amendment to Amended and Restated Trust Indenture dated as of January 1, 2015.

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FIFTH SUPPLEMENT TO AMENDED AND RESTATED TRUST INDENTURE

This **FIFTH SUPPLEMENT TO AMENDED AND RESTATED TRUST INDENTURE** ("**Fifth Supplement**"), is made and entered into as of December 1, 205 by the **FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION** (the "**Issuer**"), and **TD BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and duly authorized to accept and execute trusts, with its designated place of business located in Jacksonville, Florida, as trustee (the "**Trustee**").

RECITALS:

WHEREAS, the Issuer and the Trustee for the benefit of the other and for the benefit of the holders of the Issuer's Bonds previously entered into that certain Amended and Restated Trust Indenture, dated as of July 1, 2013 (the "Restated Indenture"), as amended by the First Amendment to Amended and Restated Trust Indenture dated as of January 1, 2015 (the "Restated Indenture") and as supplemented, and as particularly supplemented by this Fifth Supplement to Amended and Restated Trust Indenture, dated as of December 1, 2025, as may be further amended and supplemented from time to time (together with the Restated Indenture, the "Indenture"); and

WHEREAS, the Issuer (i) is a Florida not for profit corporation, (ii) provides direct support to Florida Gulf Coast University (the "University") and (iii) has been designated as a "University Direct Support Organization" by The Florida Gulf Coast University Board of Trustees (the "University Board") pursuant to Section 1004.28, Florida Statutes; and

WHEREAS, the University Board desires to provide residential rental units primarily for faculty and staff of the University at below market rates which facilities will be designed, constructed, owned and operated by the University Board (the "FGCU Employee Housing System") and located on land currently owned by the University Board; and

WHEREAS, to provide for the design, construction, operation, and maintenance of the FGCU Employee Housing System the Issuer and the University Board have executed and delivered the Operating Agreement dated as of December 1, 2025 (the "Operating Agreement"); and

WHEREAS, the University Board desires the Issuer to finance the costs to design, construct and equip the first phase of the FGCU Employee Housing System (the "Project") through the issuance of the Issuer's Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project) (the Series 2025A Bonds") pursuant to the terms of the Indenture; and

WHEREAS, for the Issuer to issue a series of its Capital Improvement Revenue Bonds to finance the Project certain amendments need to be made to expand the scope of the current Capital Project Facilities Systems to include a new system which will be referred to as the Employee Housing System; and

WHEREAS, to provide additional security for the repayment of the Series 2025A Bonds the Issuer and the Foundation have executed and delivered the Support Agreement dated as of December 1, 2025; and

WHEREAS, the FGCU Employee Housing System will be considered a part of the Capital Project Facilities System and a Capital Project under the terms of the Indenture; and

WHEREAS, the provisions of Section 11.02 of the Restated Indenture relating to requirements for the supplement of the Indenture have been or will be satisfied; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein and set forth in the Restated Indenture and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I AMENDMENTS

Section 1.01 Added Definitions.

The Following definitions are added to Section 1.03 of the Restated Indenture:

"Employee Housing System" means the residential rental housing units together with all amenities, improvements, and infrastructure owned, constructed, operated and maintained by the University Board.

"Employee Housing System Bonds" means the Bonds secured or to be secured by Employee Housing System Revenues including the Series 2025A Bonds.

"Employee Housing System Revenues" shall mean the Net Revenues derived from the operation of the Employee Housing System.

"Operating Agreement" means the Operating Agreement dated as of December 1, 2025 by and between the Issuer and the University Board, as may be amended from time to time.

"Payments" shall have the meaning as set forth in the Operating Agreement.

"Premises" shall have the meaning as set forth in the Operating Agreement.

"Support Agreement" means the Support Agreement dated as of December 1, 2025 by and between the Issuer and the Foundation.

"Support Payments" means amounts paid by the Foundation to the Financing Corporation pursuant to the Support Agreement.

Section 1.02 Definition Amendments.

The Following definitions are amended and restated in Section 1.03 of the Restated Indenture:

"Bond Documents" shall mean the Bonds, the Ground Lease, the Phase XI Ground Lease, the Operating Lease, the Assignment, the Credit Facility, the Credit Facility Agreement, the STING Agreement, the Bond Insurance Policy, the Operating Agreement, the Support Agreement and this Indenture.

"Capital Project Facilities System" shall mean the Housing System, the Employee Housing System and the Parking System, together with any and all improvements thereto operated and maintained by the University Board at the University.

"Collateral" shall mean the Issuer's interest in the following property and rights in the Capital Project Facilities System and the Student Union Addition, whether now owned or hereafter acquired:

- (a) the Ground Lease, the Phase XI Ground Lease, and the Operating Lease, including all rights of the Issuer to receive the Lease Payments except for the balance of the Revenue Fund as described in the Operating Lease and the Assignment;
- (b) all Capital Project Facilities System and Student Union Addition accounts;
- (c) all inventory, equipment and other tangible and intangible property of the Capital Project Facilities System and Student Union Addition;
- (d) all contract rights, general intangibles and other rights and assets;
- (e) all Funds Collateral;
- (f) the Construction Documents;
- (g) any Hedge Receipts;
- (h) the Operating Agreement and the Support Agreement; and
- (i) all proceeds of such Collateral and all parts, accessories, attachments, additions, replacements, accessions, substitutions, increases, profits and products thereof, including, without limitation, all proceeds of insurance and condemnation awards or settlements of the Capital Project Facilities System and Student Union Addition. To the extent not defined herein, the terms used in this definition shall have the definitions set forth in Article 9 of the Uniform Commercial Code in effect in the State.

"Funds Collateral" shall mean all of the rights of the Issuer in and to any moneys or accounts held by the Trustee under this Indenture, except for the Rebate Account, in trust or on

account for the bondholder under this Indenture, all money on deposit in the Sinking Fund, the Revenue Fund, the Debt Service Fund, the Operation and Maintenance Fund (Plant Fund) and other funds and accounts described in the Operating Lease and all money on deposit in the Revenue Account held by the University Board under the Operating Agreement and the Debt Service Account, the Renewal and Replacement Account, the Debt Service Reserve Account and the Surplus Account held by the Issuer under the Operating Agreement.

Section 1.03 Section Amendments.

The following sections of the Restated Indenture are amended as provide below:

Section 2.07 of the Restated Indenture shall be supplemented by adding a new subparagraph (11) and (12) to provide as follows:

(11) if appropriate, an opinion of counsel to the University Board addressed to the Trustee to the effect that the execution and delivery of any modifications to the Operating Agreement or the Support Agreement have been duly and validly authorized by the University Board; and

(12) if necessary, an executed counterpart of any supplements and amendments to the Operating Agreement or Support Agreement permitted by this Indenture to be entered in connection with the Improvements to the Employee Housing System.

In addition, Section 2.07 of the Restated Indenture shall be supplemented to provided for the issuance of Additional Bonds for the Employee Housing System by adding the following paragraph:

Additional Bonds payable from the Employee Housing System Revenues on a parity with the Outstanding Bonds, may be incurred for the construction and acquisition of additions, extensions and improvements to the Employee Housing System or for refunding purposes only upon the following terms, restrictions and conditions and in the manner herein provided:

(a) A certificate shall be executed by the chief financial officer of the University setting forth (i) the average annual amount of Employee Housing System Revenues reasonably expected for the two Fiscal Years immediately following the Fiscal Year in which such Additional Bonds are issued, adjusted as provided below, and (ii) the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued. If the Additional Bonds are being issued to finance the acquisition or construction of additions to the Employee Housing System, then the projected Employee Housing System Revenues set forth in (i) shall be adjusted to include the projected revenues and expenses of the additions financed by such Additional Bonds, as if such additions will be part of the Employee Housing System during all of such two Fiscal Years, regardless of when such additions are reasonably anticipated to be placed in service. If the Additional Bonds proposed to be issued will also be payable from Support Payments made by the Foundation pursuant to the Support Agreement on a parity with the Bonds then

Outstanding, then the certificate in (i) shall also include the projected average annual amount of Support Payments in each Fiscal Year.

(b) The University Board shall 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 Indenture and the Operating Agreement and the University Board must be currently in compliance with the covenants and provisions of the Operating Agreement, or upon the issuance of such Additional Bonds, the University Board will be brought into compliance with all such covenants and provisions.

(c) The projected average annual amount of Employee Housing System Revenues for the two Fiscal Years certified by the chief financial officer of the University pursuant to subparagraph (a) above must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued. However, notwithstanding the foregoing, if the Additional Bonds will be payable from Support Payments on a parity with the Bonds then Outstanding, then (i) the projected average annual amount of Employee Housing System Revenues must be at least equal to one hundred percent (100%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued, and (ii) such projected Employee Housing System Revenues together with the projected Support Payments certified by the chief financial officer of the University pursuant to subparagraph (a) above, must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued.

(d) If Additional Bonds are issued to refund Outstanding Bonds and the Debt Service Requirement of such refunding Additional Bonds in each Fiscal Year is equal to or less than the corresponding Debt Service Requirement of the refunded Bonds, then the provisions contained in (a) and (c) above shall not apply to the issuance of the refunding Additional Bonds.

Section 5.02 (b) of the Restated Indenture shall be supplemented by adding a new subparagraph (iv) to provide as follows:

(iv) Employee Housing System Sinking Fund. The Employee Housing System Revenues shall be applied in the following order each Fiscal Year:

FIRST: To the Trustee for the amount to which it is entitled under this Indenture to the extent set forth in Section 10.05.

SECOND: To the Bond Service Account in the Employee Housing System Sinking Fund for each series of Employee Housing System Bonds to pay principal, purchase price and interest each fiscal year without preference or priority of any kind, according to the amounts due and payable on the Employee Housing System Bonds for principal, purchase price and interest, respectively (including all amounts due and payable to a Credit Facility Provider or Bond Insurer as subrogee upon payment of the principal or purchase price of or interest on the Employee

Housing System Bonds with amounts drawn under the applicable Credit Facility or Bond Insurance Policy).

THIRD: To the Credit Facility Provider or Bond Insurer that issued a Credit Facility or Bond Insurance Policy securing Employee Housing System Bonds to the extent the Credit Facility Provider or Bond Insurer, as applicable, certifies (after inquiry from the Trustee) to the Trustee (upon which certification the Trustee may conclusively rely) that the Issuer is indebted to the Credit Facility Provider or Bond Insurer, as the case may be, under any applicable Related Financing Documents including without limitation, interest accruing at a default rate thereunder after acceleration and without priority or preference of any kind.

Any balance shall be retained by the Issuer and may be applied to any lawful purpose.

Section 1.04. Modified Definitions. The following definitions shall be modified as provided below:

"Capital Projects" with respect to the Employee Housing System means the acquisition, construction and equipping of Improvements as are identified from time to time under the Operating Agreement.

"Facilities" with respect to the Employee Housing System means the residential rental units located on the Premises (including, but not limited to parking areas, sidewalks, access roads, laundry rooms, meeting rooms and common areas and all personal property located on any of the foregoing) and described in the Operating Agreement.

"Improvements" with respect to the Employee Housing System means shall include all buildings, components of buildings, storm drainage, water systems, sewer systems, electrical systems, gas systems and other utilities, equipment and landscaping, located within or without the Premises.

"Plans" with respect to the Employee Housing System means the final plans, drawings, specifications, construction budget, schedule of values, trade and materials breakdown and other cost allocations for construction of the Improvements now or hereafter prepared and certified by the University Board or the University's contractor.

ARTICLE II AUTHORIZATION OF BONDS AND DETAILS OF BONDS

Section 2.01. Authorization of Bonds and Project.

The Series 2025A Bonds, designated "Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project)" (the "Series 2025A Bonds") are hereby authorized to be issued hereunder and secured by the Indenture pursuant to the provisions hereof, in the aggregate principal amount of \$23,575,000, in substantially the form provided by Exhibit A attached hereto. The Series 2025A Bonds are being issued in order to finance the first phase of the FGCU Employee

Housing System as described in the Operating Agreement (the "Project"). The financing of the Project is hereby authorized.

THE SERIES 2025A BONDS AND ALL PAYMENTS BY THE ISSUER THEREUNDER ARE GENERAL OBLIGATIONS OF THE ISSUER AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE ON A PARITY WITH ANY ADDITIONAL BONDS HEREAFTER ISSUED, SUBJECT TO THE LIMITATIONS HEREUNDER AND UNDER THE OPERATING AGREEMENT. NO COVENANT OR AGREEMENT IN THE BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION HEREIN OR THEREIN IMPOSED UPON THE ISSUER SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE ISSUER NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.

The Series 2025A Bonds will be secured by a continuing pledge of the Trust Estate as provided by the Restated Indenture to secure the full and final payment of the principal of and interest on all of the Series 2025A Bonds as the same shall become due and payable.

Section 2.02. Details of Bonds.

All Series 2025A Bonds shall mature on the dates, in the principal amounts and bear interest at Fixed Rates in a Fixed Rate Period in accordance with Section 3.02 (a)(iii) of the Restated Indenture and as set forth below:

Maturity (June 1)	Principal Amount	Interest Rate
2028	\$390,000	5.250%
2029	410,000	5.250%
2030	430,000	5.250%
2031	455,000	5.250%
2032	475,000	5.250%
2033	505,000	5.250%
2034	530,000	5.250%
2035	555,000	5.250%
2036	585,000	5.000%
2037	615,000	5.000%
2038	645,000	5.000%
2039	680,000	5.000%
2040	710,000	4.000%
2041	740,000	4.000%
2042	770,000	4.000%
2043	800,000	4.125%

2044	835,000	4.250%
2045	870,000	4.375%
2046	910,000	4.375%
2047	945,000	4.500%
2048	990,000	4.500%
2049	1,035,000	4.500%
2051	2,210,000	4.500%
2056	6,485,000	4.750%

The Series 2025A Bonds shall initially accrue interest from their date of delivery and such interest shall be payable each June 1 and December 1, commencing June 1, 2026.

The Series 2025A Bonds shall not be subject to Extraordinary Optional Redemption in accordance with Section 4.05 of the Restated Indenture.

The Series 2025A Bonds shall be subject to optional redemption and mandatory redemption from Amortization Requirements as provided in the Series 2025A Bonds.

There shall be no debt service reserve subaccount required to be established in the Debt Service Reserve Account within the Housing System Sinking Fund for the Series 2025A Bonds.

The Series 2025A Bonds shall be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof.

Concurrently with the execution and delivery of this Fifth Supplement, the Issuer shall execute and deliver the Series 2025A Bonds to the Trustee and, the Trustee shall authenticate the Series 2025A Bonds and deliver them to the purchaser or purchasers as directed by the Issuer.

Section 2.03. Application of Bond Proceeds.

The Issuer shall deposit \$23,671,215.43 (representing the par amount of the Series 2025A Bonds less and underwriter's discount equal to \$206,764.77 plus \$302,980.20 of net original issue premium) of proceeds of the Series 2025A Bonds, which amount includes the good faith deposit in the amount of \$450,800.00, with the Trustee and shall disburse the same for the following purposes:

- (a) \$22,150,919.97 shall be deposited into the Series 2025 Project Account within the Project Fund which is hereby established with the Trustee and shall be used by the Issuer to pay the Costs of the Project in accordance with Section 501 (b) of the Restated Indenture; and
- (b) \$1,334,598.13 shall be deposited into the Interest Account within the Employee Housing System Sinking Fund and shall be applied by the Trustee to pay capitalized

interest on the Series 2025A Bonds through December 1, 2026 in accordance with Section 503 of the Restated Indenture; and

- (c) \$185,697.33 of proceeds from the sale of the Series 2025A Bonds shall be deposited into the Cost of Issuance Account within the Project Fund which is hereby established with the Trustee and shall be disbursed by the Trustee to pay the costs of issuing the Series 2025A Bonds in accordance with the final closing memorandum prepared by the Issuer.

Section 2.04. Creation of Employee Housing Sinking Fund.

A special fund is hereby created for the Employee Housing System Bonds and designated the "Employee Housing System Sinking Fund." There are hereby created in the Employee Housing System Bonds Sinking Fund five separate accounts designated "Bond Service Account," "Interest Account," the "Redemption Account," the "Debt Service Reserve Account," as applicable, and the "Credit Facility Account" and each such account must be maintained as an Eligible Account. In the event any of these accounts ceases to be an Eligible Account, the Trustee shall immediately take such actions so as to cause any such account to be an Eligible Account. The Trustee shall create subaccounts herein as necessary.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF UNIVERSITY BOARD

The University Board hereby makes the following representations and warranties for the benefit of the Issuer and the Trustee.

Section 3.01 Construction of the Employee Housing System Improvements.

The University Board shall promptly construct the Employee Housing System Improvements in a workmanlike manner and in strict accordance with the Plans, building permits and applicable building and zoning codes, covenants and restrictions. The University Board shall provide or cause to be provided, at the University Board's expense, all manner of materials, labor, implements and cartage of every description necessary for the due performance of the work. The University Board shall take all necessary steps to assure that construction and installation of the Improvements shall begin immediately (and in no event later than thirty (30) days after the issuance of Series 2025A Bonds), shall proceed continuously and diligently, and shall be completed in a timely manner in accordance with the Plans and that construction shall be completed on or before the Completion Date. The University Board shall provide Financing Corporation the information necessary for the Financing Corporation to complete the requisition required by Section 5.01(b) of the Restated Indenture to disburse the proceeds of the Series 2025A Bonds deposited to the Series 2025A Project Account within the Project Fund.

Section 3.02. Inspection of Project Books.

All books and documents in the University Board's possession relating to the Employee Housing System and the Net Revenues thereof shall, upon reasonable notice, be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. If requested by a Bond Insurer, the University Board shall furnish, before each advance herein agreed to be made and on completion of construction, all receipted bills, certificates, affidavits, releases of lien and other documents which may be required by such Bond Insurer, as evidence of full payment of all labor and materials incident to the construction of the Improvements.

Section 3.03 Inspections.

The University Board will permit the Trustee, the Bond Insurer, if any, and their representatives to inspect the Improvements and all materials to be used in the construction thereof, and to examine and make copies of all detailed plans and shop drawings which are or may be kept at the construction site, and all books and records of the University Board relating to the Facilities other than records that are required by law to be kept confidential and will cooperate with the Trustee, the Bond Insurer and the Trustee's, and the Bond Insurer's representatives to enable it to perform its functions hereunder. It is expressly agreed that neither the Trustee nor the Bond Insurer has a duty to inspect the Improvements, and if the Trustee or the Bond Insurer should inspect the Improvements, neither the Trustee nor the Bond Insurer shall have liability or obligation to the University Board or other person arising out of such inspection. Inspections made by the Trustee, or the Bond Insurer or their representatives shall be made solely for the protection and benefit of the Trustee or the Bond Insurer, and neither the University Board, any co-maker, or other party primarily or secondarily liable on the Series 2025A Bonds, nor any person or party claiming by, through or under the University Board, shall be entitled to claim any loss, damage or offset either against the Trustee, or the Bond Insurer or its representatives for failure to properly inspect the Improvements.

Section 3.04 Correction of Deficient Work.

If the Trustee or the Bond Insurer determines that any portion of the Improvements is not being constructed in accordance with the Plans in a workmanlike manner, it may require work to be stopped and withhold disbursements until the deficiencies are corrected. The University Board agrees that it will correct, at its own cost and not from proceeds of the Series 2025A Bonds, any work performed and replace any materials that do not comply with the Plans, applicable laws, regulations or permits, or accepted standards of quality and workmanship. In the event of any dispute between the University Board and the Trustee or the Bond Insurer with respect to the interpretation and meaning of the Plans, the same shall be determined at the University Board's cost by an independent architect or engineer selected by the Trustee or the Bond Insurer.

Section 3.05 Adequate Financing.

The University Board shall provide from the Payments or other available sources, without secondary financing involving any mortgage or other lien against the Property (except as otherwise expressly provided in this Indenture), all amounts necessary to pay all Costs of completion of the Improvements.

Section 3.06 Use of Bond Proceeds.

All labor and materials contracted for in connection with construction of the Improvements shall be used and employed solely in such construction, and only in accordance with the Plans. The moneys disbursed to or for the account of the University Board under this Indenture shall constitute a trust fund in the hands of the University Board or other payee, and shall be used solely by such payee for the payment of Cost of Improvements and for no other purpose unless another use is specifically provided for in this Indenture or consented to in writing by the Trustee.

Section 3.07 Insurance.

The University Board shall maintain, at its expense, such insurance coverages and limits which are reasonably attainable. On an annual basis, the University Board shall provide the Trustee and the Bond Insurer, if applicable, evidence of insurance coverage.

Section 3.08 Financial Statements.

The University Board shall maintain books and records relating to its business and the ownership of the Employee Housing System Improvements in accordance with generally accepted accounting principles, consistently applied. Upon an Event of Default, the University Board shall cause to be delivered to the Trustee, and the Bond Insurer, if any, and each such financial statements and other information relating to the University Board and the Project and the Facilities as provided in the Bond Insurance Policy.

Section 3.09 Hazardous Materials.

No material used in constructing the Improvements shall contain any asbestos or other hazardous material nor shall the Property be used for the purpose of handling, storing, manufacturing, transporting or disposing of any hazardous materials whatsoever, whether or not such use complies with applicable laws and regulations. The University Board shall promptly notify Trustee of any change in the nature or extent of any hazardous materials maintained on, in or under the Premises or used in connection therewith, and will transmit to the Trustee copies of any citations, orders, notices or other material governmental or other communication received with respect to any hazardous materials affecting the Property.

Section 3.10 Indemnification.

The University Board shall, solely from Net Revenues and Support Payments received with respect to the Employee Housing System or other Collateral, indemnify and hold Trustee harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys' consultants' and experts' fees and expenses) of every kind and nature suffered by or asserted against Trustee as a direct or indirect result of any warranty or representation made by the University Board in this Article III being false or untrue in any material respect, any breach of any covenant in the Section 3.09 hereof, or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, waste or other environmentally regulated substances by the Trustee, the University Board or any transferee of the University Board or the Trustee. This indemnity shall survive the termination hereof.

Section 3.11 Survival.

The University Board's obligations hereunder shall not be limited to any extent by the term of the Series 2025A Bonds and, as to any act or occurrence prior to payment in full and satisfaction of the Series 2025A Bonds which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of the Series 2025A Bonds.

Section 3.12 Notice of Default.

The University Board will deliver immediate written notice to the Trustee of any: (i) default under any agreement to which the University Board is a party, (ii) any event which has caused or may cause representations, warranties or other information delivered to the Trustee by the University Board in connection with the Series 2025A Bonds to be or become untrue; and (iii) any material adverse change in the University Board's business or financial condition.

Section 3.15 Compliance with Laws.

The University Board will observe, confirm and comply in every material respect with all laws, decisions, judgments, rules, regulations and orders of all applicable governmental authorities relative to the construction and operation of the Improvements and the conduct of its business.

Section 3.16 Termination or Amendment of Operating Agreement or Support Agreement.

The University Board shall not terminate or amend the Operating Agreement or the Support Agreement without the Bond Insurer's prior written consent, if applicable.

Section 3.17 Maintenance.

The University Board shall maintain and preserve all of the Improvements and Facilities of the Employee Housing System in good working order, making from time to time all necessary repairs and replacements.

Section 3.18 Continuing Disclosure.

In accordance with applicable securities laws, the University Board shall execute and deliver a certificate of continuing disclosure in form and substance reasonably acceptable to the Issuer and the purchaser of the Series 2025A Bonds to remain in effect so long as the Series 2025A Bonds are Outstanding. The Trustee does not have a duty to enforce the continuing disclosure obligations of the University Board under the Rule; however, the Trustee, the Bond Insurer, or any Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the University Board to comply with its obligations under the Rule. Notwithstanding any other provision of this Indenture, failure of the University Board to comply with any continuing disclosure requirements shall not be an Event of Default.

ARTICLE IV SUPPLEMENT TO SCHEDULE A TO RESTATED INDENTURE

Schedule A to the Restated Indenture is hereby supplemented to add the Series 2025A Bonds as provided in Schedule A hereto.

ARTICLE V AMENDMENTS, CHANGES AND MODIFICATIONS

This Fifth Supplement may be amended only by a writing approved with the same formality as the Restated Indenture, signed by both parties hereto. Except as provided in this Fifth Supplement, the terms and provisions in the Restated Indenture remain in full force and effect.

ARTICLE VI SEVERABILITY

In the event any court of competent jurisdiction shall hold any provision of this Fifth Supplement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof or the Restated Indenture.

ARTICLE VII EXECUTION IN COUNTERPARTS, EFFECTIVENESS, CONFLICTS

This Fifth Supplement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Fifth Supplement shall become effective (the "Effective Date") upon receipt of the Trustee of the

signed opinion of Bryant Miller Olive P.A. meeting the requirements of Section 11.06 of the Restated Indenture. As supplemented hereby, the Restated Indenture is in all respects ratified and confirmed, and, as so supplemented hereby shall be read, taken and construed as one and the same instrument. In the event of a conflict the terms hereof shall prevail.

ARTICLE VIII

HEADINGS

The headings used in this Fifth Supplement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Fifth Supplement or the Restated Indenture.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have set their hands as of the date first written.

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

Executive Director

[Signature page to Fifth Supplement to
Amended and Restated Trust Indenture]

TD BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Name:
Title: Vice President

[Signature page to Fifth Supplement to
Amended and Restated Trust Indenture]

Joinder by University Board

The University Board hereby acknowledges the terms of the Indenture and joins this Fifth Supplement solely for the purposes of making the representations and warranties contained in Article III hereof.

**THE FLORIDA GULF COAST UNIVERSITY
BOARD OF TRUSTEES, a public body corporate**

By: _____
Name:
Title:

SCHEDULE A

OUTSTANDING BONDS SECURED UNDER THE INDENTURE

**HOUSING SYSTEM BONDS
(SECURED BY LIEN ON HOUSING SYSTEM REVENUES)**

Name of Issue	Mode/ Initial Par Amount	Credit Enhancement/STING	Final Maturity
Amended and Restated Capital Improvement Revenue Bonds, Series 2005A (Housing Project)	STING Rate/ \$6,800,000	STING (STING Rate Purchase Date July 1, 2028, subject to extension as provided in the Indenture)	02/01/2035
Capital Improvement Revenue Bonds, Series 2008A (Housing Project)	Variable Rate/ \$22,000,000	LOC/TD Bank N.A.	02/01/2038
Capital Improvement Refunding Revenue Bonds, Series 2017A (Housing Project)	Fixed Rate/ \$47,500,000	N/A	08/01/2036
Capital Improvement Refunding Revenue Bonds, Series 2019A (Housing Project)	Fixed Rate/ \$32,575,000	N/A	02/01/2039
Capital Improvement Refunding Revenue Bonds, Series 2020A (Housing Project)	Fixed Rate/ \$19,800,000	N/A	02/01/2040
Capital Improvement Refunding Revenue Bonds, Series 2022A (Housing Project) (Forward Delivery)	Fixed Rate/ \$21,535,000	N/A	02/01/2042

**PARKING SYSTEM BONDS
(SECURED BY A LIEN ON PARKING SYSTEM REVENUES)**

Name of Issue	Mode/ Initial Amount	Par Credit Enhancement	Maturity
Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking Project)	STING Rate/ \$5,100,000	STING (STING Rate Purchase Date July 1, 2028, subject to extension as provided in the Indenture)	02/01/2035
Capital Improvement Revenue Bonds, Series 2009A (Parking Project)	Variable Rate/ \$8,000,000	LOC/ TD Bank N.A.	02/01/2039
Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project)	Fixed Rate/ \$7,850,000	N/A	02/01/2037

**EMPLOYEE HOUSING SYSTEM BONDS
(SECURED BY LIEN ON EMPLOYEE HOUSING SYSTEM REVENUES)**

Name of Issue	Mode/Initial Par Amount	Credit Enhancement	Final Maturity
Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project)	Fixed Rate \$23,575,000	N/A	06/01/2056

Exhibit A

FORM OF 2025A BONDS

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

No. R-__

\$_____

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2025A
(EMPLOYEE HOUSING PROJECT)**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>Cusip No.</u>
_____	June 1, 20__	January 14, 2026	34073X__

Registered Owner: CEDE & Co.

Principal Sum:

Florida Gulf Coast University Financing Corporation (the "Issuer"), a Florida not for profit corporation, promises to pay solely from the sources described in this Bond, to the Registered Owner identified above or registered assigns, on the Maturity Date specified above (subject to the right of prior redemption mentioned below), the Principal Sum specified above, in lawful money of the United States of America, and to pay interest thereon commencing on June 1, 2026 and each December 1 and June 1 thereafter, in like lawful money and solely from the sources described below, from the dated date or from the most recent interest payment date to which interest has been paid, whichever is applicable, until payment of such Principal Sum shall be discharged as provided in the Indenture (hereinafter defined) at the rates and times set forth in the Indenture.

This Bond was issued as part of that issue of bonds (the "Bonds"), in the aggregate principal amount of \$23,575,000 issued under the Amended and Restated Trust Indenture, dated as of July 1, 2013, as amended, between the Issuer and TD Bank, National Association, as trustee (the "Trustee") as supplemented pursuant to the Fifth Supplement to Amended and Restated

Trust Indenture, dated as of December 1, 2025 (as amended and supplemented from time to time, the "Indenture"). The terms of the Bonds are as stated in the Indenture. Bondholders are referred to the Indenture for a full statement of those terms.

The Issuer will use the proceeds of the Bonds to finance the Costs to design, construct, and equip the first phase of the FGCU Employee Housing Project.

The 2025A Bonds are payable from the Trust Estate which includes the Payments under the Operating Agreement which Payments are payable from Net Revenues of the Employee Housing System (as defined in the Indenture), and moneys on deposit in certain funds and accounts established under the Indenture and the Operating Agreement and investment earnings thereon. Subject to certain conditions in the Indenture, Additional Bonds may be issued thereunder and the payments thereof secured under the Indenture on a parity with the 2025A Bonds.

The Indenture may be amended as provided therein, and references to it include any amendments. All undefined terms shall have the meanings given in the Indenture.

THE BONDS CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER AND INITIALLY ARE PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE ON A PARITY WITH THE ADDITIONAL OUTSTANDING BONDS, SUBJECT TO THE LIMITATIONS UNDER THE INDENTURE AND OPERATING AGREEMENT.

NO COVENANT OR AGREEMENT IN THE BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION HEREIN OR THEREIN IMPOSED UPON THE ISSUER SHALL CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The interest on and the principal or redemption price of this Bond while in a Book-Entry System registered in the name of DTC, a Depository or its nominee, shall be payable in lawful money of the United States of America, in immediately available funds delivered or transmitted to DTC or its authorized representative when due. Interest due on this Bond while in a Book-Entry System registered in the name of DTC or its nominee shall be payable in immediately available funds delivered or transmitted on any date interest is due to DTC.

The interest due on any Bond on any Interest Payment Date shall be paid to the Owner of such Bond on the Record Date. The amount of interest so payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve (12) thirty (30) day months.

This Bond shall bear interest from the date of delivery, and thereafter (A) from the date of authentication, if such date is the date of original issuance of the Bonds, (B) from the date of

authentication, if authenticated on an Interest Payment Date to which interest has been paid, or (C) from the last preceding Interest Payment Date to which interest has been paid in all other cases.

"Interest Payment Date" shall mean each June 1 and each December 1.

"Record Date" means the close of business on the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding the Interest Payment Date.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the manual signature of a Responsible Officer of the Trustee, as authenticating agent, of the Certificate of Authentication endorsed hereon.

This Bond shall have all the qualities and incidents of and shall be and is a negotiable instrument under the Uniform Commercial Code of the State of Florida.

REDEMPTION PROVISIONS

Optional Redemption. Series 2025A Bonds maturing in the years 2028 through 2035, both inclusive, are not redeemable prior to their stated dates of maturity at the option of the Financing Corporation. The Series 2025A Bonds maturing in the year 2036 and thereafter (including Term Bonds), shall be subject to redemption prior to their stated dates of maturity, without premium, at the option and direction of the Financing Corporation, in whole or in part, in such maturities and/or Amortization Requirements as the Financing Corporation, in its discretion, shall select (or if the Financing Corporation fails to designate such maturities and/or Amortization Requirements, in inverse order of maturity) and by lot within a maturity and/or Amortization Requirements if less than an entire maturity or Amortization Requirement, on any date on or after June 1, 2035, or on any date thereafter, at the principal amount of the Series 2025A Bonds so redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption from Amortization Requirements.

The Series 2025A Bonds maturing on June 1, 2051 (the "2051 Term Bonds") are subject to mandatory sinking fund redemption from moneys deposited in the Redemption Account in accordance with the terms of the Indenture, on June 1, 2050, and June 1, 2051 and in the principal amount of the 2051 Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Requirements as follows:

<u>Year</u>	<u>Principal Amount</u>
2050	\$1,080,000
2051*	1,130,000

*Final Maturity

The Series 2025A Bonds maturing on June 1, 2056 (the “2056 Term Bonds”) are subject to mandatory sinking fund redemption from moneys deposited in the Redemption Account in accordance with the terms of the Indenture, on June 1, 2052, and on each June 1 thereafter to and including June 1, 2056 and in the principal amount of the 2056 Term Bonds to be redeemed, without premium, plus accrued interest, from Amortization Requirements as follows:

<u>Year</u>	<u>Principal Amount</u>
2052	\$1,180,000
2053	1,235,000
2054	1,295,000
2055	1,355,000
2056*	1,420,000

*Final Maturity

MISCELLANEOUS

Redemption Notices to Trustee. If the Issuer determines that Bonds shall be redeemed pursuant to any optional redemption provision, the Issuer will notify the Trustee of the applicable provision in writing, the redemption date and the principal amount of Bonds to be redeemed and other necessary particulars or other items requested by the Trustee. If the Issuer determines that any Bonds be credited against any mandatory sinking fund obligation for the Bonds, the Issuer will notify the Trustee in writing of the applicable provisions, the Bonds to be credited and other necessary particulars or other items requested by the Trustee and will deliver to the Trustee any Bonds in respect of which it determines to receive a credit to the extent not already delivered. The Issuer will give the written notice (and make any required delivery of Bonds) at least forty-five (45) days before the redemption date.

Notice of Redemption. At least thirty (30) days but not more than sixty (60) days before each redemption date, the Trustee will send a conditional notice of redemption by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service to DTC, at The Depository Trust Company, 55 Water Street, New York, New York 10041, Attn: Redemption Department, facsimile transmission: (813) 470-1179, or any other notice address or facsimile number subsequently designated by DTC.

At least two (2) days before the date of the mailing required by the foregoing paragraph, such redemption notice shall be given by transmitting such filing to the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access ("EMMA") dataport at <http://www.emma.msrb.org> (or as otherwise directed by the MSRB under the Rule). All documents filed with EMMA must be filed electronically as word-searchable portable document format, pdf, files.

Failure to give the notices to the securities depositories or the information services described in the preceding paragraph or any defect therein shall not affect redemption of any Bonds.

Effect of Redemption. If sufficient funds are available to pay all principal, premium, if any, and interest on Bonds called for redemption on any date and such funds have been set aside for the payment of such Bonds, such Bonds shall cease to bear interest on the redemption date. If sufficient funds are not available to pay all principal, premium, if any, and interest due on Bonds called for optional redemption on any date, no optional redemption shall occur and such Bonds shall continue to bear interest.

Denominations, Transfer and Exchange. The Bonds shall be in denominations of \$5,000 or integral multiples thereof. The Bonds are issued as fully registered certificates, initially in typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Owner for all purposes of the Indenture, including, without limitation, payment by the Issuer of principal or purchase price of, premium, if any, and interest on the Bonds, and receipt of notices and exercise of rights of an Owner. There shall be a single Bond for each maturity (and for each interest rate within such maturity) that shall be immobilized in the custody of DTC with the Owners having no right to receive the Bond in the form of physical securities or certificates. Ownership of beneficial interests in the Bonds shall be shown by book-entry on the system maintained and operated by DTC and its Participants, and transfers of ownership of beneficial interests shall be made only by DTC and its Participants, by book-entry, the Issuer having no responsibility therefor. DTC is expected to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

Amendment, Supplement, Waiver. Subject to certain exceptions, the Indenture or the Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, with the consent of the holders of a majority in principal amount of the Bonds. Without the consent of any Registered Owner of Bonds the Issuer and the Trustee may amend or supplement the Indenture or the Bonds for the purposes set forth in the Indenture.

Defaults and Remedies. The Indenture provides that the occurrences of certain events constitute Events of Default. If certain Events of Default have occurred and are continuing, the Trustee by notice to the Issuer or (acting through the Depository) the Owners of at least 25% in principal amount of the Bonds by notice to the Issuer and the Trustee, may declare the principal of and accrued interest to the date of acceleration of the Bonds to be due and payable immediately. Certain Events of Default and their consequences may be waived as provided in the Indenture. The Owners of Bonds may not enforce the Indenture or the Bonds except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Bonds unless it receives indemnity satisfactory to it.

No Recourse against Others. An officer, employee or agent of the Issuer will not have any liability for any obligations of the Issuer under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each Owner by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Bond.

Payments Due on Non-Business Days; Acts to be Performed. Except as otherwise provided in the Indenture, if a payment date is not a Business Day, then payment may be made on the next succeeding Business Day, and no interest shall accrue for the intervening period. In any case where the last day by which an act may be performed hereunder shall not be a Business Day, then such act need not be performed by such day, but may be performed on the next succeeding Business Day with the same force and effect as if performed by the nominal date for such performance.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in regular and due form and time as required by the statutes, laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond and of the issue of Bonds of which this Bond is one, does not violate any constitutional, statutory or charter limitation.

[This section intentionally left blank | Signatures appear on the following page]

IN WITNESS WHEREOF, the Florida Gulf Coast University Financing Corporation has caused this Bond to be executed in its name by the manual or facsimile signature of its Executive Director and attested by the manual or facsimile signature of its Secretary, all as of the day of authentication hereof.

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

By: _____
Its: Executive Director

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF AUTHENTICATION

The undersigned hereby authenticates this Bond and certifies that this is one of the Bonds referred to in the Indenture.

TD BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Trustee, under the Amended and Restated
Trust Indenture, dated as of July 1, 2013, as
amended and supplemented

By: _____
Its: Vice President

Dated: January 14, 2026

ASSIGNMENT

ASSIGNMENT FOR VALUE RECEIVED, the undersigned _____ (the "Transferor"), hereby sells, assigns, and transfers unto _____ (Please insert name and Social Security or Federal Employer Identification number of assignee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ (the "Transferee") as attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF TRANS MIN ACT - _____ (Cust.)
TEN ENT	- as tenants by the entireties	Custodian for _____ (Minor)
JT TEN-	- as joint tenants with right of survivorship and not as tenants in common	under Uniform Transfers to Minors Act of _____ (State)

Additional abbreviations may also be used though not in list above.

OPERATING AGREEMENT

THIS OPERATING AGREEMENT (herein called this "Agreement"), made as of this 1st day of December, 2025, between **FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION** (the "Financing Corporation"), a Florida not for profit corporation and **THE FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES** (the "University Board"), acting for and on behalf of **FLORIDA GULF COAST UNIVERSITY** (the "University"), each in consideration of the agreements to be performed by the other, hereby agree to the following terms and conditions:

WHEREAS, the Financing Corporation was incorporated by the University Board to provide direct support to the University Board and designated by the University Board as a "University Direct Support Organization" pursuant to §1004.28, Florida Statutes; and

WHEREAS, the University Board has requested the Financing Corporation to issue a series of bonds the proceeds of which will finance the construction of the first phase of the FGCU Employee Housing Project located on land owned by the University Board (the "Project"); and

WHEREAS, the FGCU Employee Housing Project will be owned and operated by the University Board to provide residential rental units primarily for faculty and staff of the University at below market rates as provided herein; and

WHEREAS, the net revenues generated from leasing of residential rental units will be pledged by the University Board to repay the principal of and interest on bonds to be issued by the Financing Corporation the proceeds of which will be used to finance the costs to design, construct and equip the FGCU Employee Housing Project which will be built in phases as described herein; and

WHEREAS, the University Board has requested the Financing Corporation to issue a series of its Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project) (the "Series 2025A Bonds") pursuant to the Amended and Restated Trust Indenture dated as of July 1, 2013 as supplemented by the Fifth Supplement to Amended and Restated Trust Indenture dated as of December 1, 2025 both between Financing Corporation and TD Bank, National Association, as trustee (the "Trustee"), the proceeds of which will be used to finance the costs of the Project, as described herein; and

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. Definitions. Unless specifically set forth herein, the words set forth below shall have the following meanings. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture:

"Additional Parity Obligation" means Additional Bonds and other obligations issued in compliance with the terms, conditions and limitations contained herein and the Indenture and rank equally in all respects with the Series 2025A Bonds.

"Additional Sums" has the meaning set forth in Section 6 of this Agreement.

"Annual Budget" means the budget prepared in accordance with Section 23 of this Agreement.

"Base Amount" has the meaning set forth in Section 6 of this Agreement.

"Bonds" means revenue bonds designated as "Capital Improvement Revenue Bonds, Series _____, (designated by year of delivery) (Employee Housing Project)" issued pursuant to the Indenture, as the same may be amended or supplemented from time to time, and any Additional Parity Obligations, issued by the Financing Corporation from time to time to finance capital projects for the Employee Housing System approved by the University Board.

"Costs of Operation and Maintenance" means the expense, paid or accrued, of operation, maintenance and repair (including insurance) of the Employee Housing System for each Fiscal Year, as calculated in accordance with sound accounting practice, but shall not include any general administrative expenses of the University, any reserve for renewals, replacements or extraordinary repairs, any allowance for depreciation, or any repayment of Support Payments to the Foundation.

"Debt Service Account" means the Debt Service Account established pursuant to Section 24 of this Agreement.

"Debt Service Reserve Account" means the Debt Service Reserve Account established pursuant to Section 24 of this Agreement.

"Debt Service Reserve Requirement" means with respect to each series of Bonds issued under the Indenture, the amount of money, if any, or available amount of a Credit Facility, if any, or a combination thereof required by supplemental indenture executed prior to the issuance of such Series of Bonds to be maintained in the account in the Debt Service Reserve Account with respect to such Series of Bonds, which amount shall be available for use only with respect to such Series of Bonds. Such amount shall not exceed the lesser of: (i) the Maximum Annual Debt Service on the Bonds secured by the Debt Service Reserve Account; (ii) one hundred twenty-five percent (125%) of the average annual Debt Service Requirement of the Bonds secured by the Debt Service Reserve Account for the then current and succeeding Fiscal Years; (iii) ten percent (10%) of the par amount of the Bonds secured by the Debt Service Reserve Account; and (iv) the maximum debt service reserve permitted under the Code with respect to tax-exempt obligations and applicable to the Bonds secured by the Debt Service Reserve Account. With respect to the Series 2025A Bonds, "Debt Service Reserve Requirement" shall be zero (\$0.00).

"Debt Service Requirement" means for a given Fiscal Year the amount required to pay principal of and interest coming due on Outstanding Bonds during the Fiscal Year, including Amortization Requirements for any Term Bonds. In determining the amount of Debt Service Requirement for any Fiscal Year, if interest on the Bonds is payable from the proceeds of such Bonds or from other amounts set aside irrevocably for such purpose at the time such Bonds are issued, interest on such Bonds shall be included in the Debt Service Requirement only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest.

"Eligible Resident" means persons eligible for occupancy of the Employee Housing System and shall mean, in order of acceptance priority as specified by the University Board, (i) faculty of the University and their families; (ii) staff of University and their families; (iii) graduate students registered in an academic program at the University and their families.

"Employee Housing System" means the residential rental housing units together with all amenities, improvements, and infrastructure owned, operated and maintained by the University Board and any extensions and additions thereto.

"Fiscal Year" means the twelve (12) month period commencing July 1 of each calendar year, or such other fiscal year as adopted by the University Board as its fiscal year.

"Foundation" means the Florida Gulf Coast University Foundation, Inc. and its successors and assigns.

"Gross Revenues" means all income or earnings derived by the University Board from the operation of the Employee Housing System, including, but not limited to, all income from fees, rentals and other charges made and collected by the University Board from Eligible Residents using, being served by, or having the right to use or be served by the Employee Housing System and proceeds from the sale or disposition of all or a part of the Employee Housing System.

"Improvements" has the meaning set forth in Section 3 of this Agreement.

"Indenture" means the Amended and Restated Trust Indenture dated as of July 1, 2013, as modified by the Fifth Supplement to Amended and Restated Trust Indenture, dated as of December 1, 2025 both between Financing Corporation and the Trustee, as amended or supplemented from time to time in accordance with its terms.

"Independent Engineer" means any architect, engineer, or firm of architects or engineers that is not an affiliate or an employee of the University and that is selected by the University staff, at the expense of the University Board, for the purpose of reviewing repairs and replacements to the Employee Housing System and the adequacy of the amounts deposited and required to be deposited into the Renewal and Replacement Account, and that has all licenses and certifications necessary for the performance of such services, and that has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature.

"Land" means the real property described in Exhibit "A" to this Agreement.

"Maximum Annual Debt Service" means the greatest sum of all Annual Debt Service (both principal and interest (with respect to variable rate indebtedness, based upon 200% of the average interest rates over the twelve (12) months immediately preceding the issuance of the Additional Parity Obligations proposed to be issued) required to be paid from Pledged Revenues on all Bonds in the then current Fiscal Year or any Fiscal Year following the date of calculation.

"Net Revenues" for any period means the excess of (a) Gross Revenues for the period, exclusive of gifts, grants, bequests, donations and contributions, over (b) all Costs of Operation and Maintenance during the period.

"Operating Account" means the special account created in Section 24 of this Agreement.

"Payments" means all Base Amount and Additional Sums payable by the University Board under this Agreement.

"Personal Property" has the meaning set forth in Section 4.

"Pledged Revenues" means the Net Revenues plus Support Payments.

"Qualified Independent Consultant" means one or more such qualified and recognized independent consultants, having favorable repute, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or sections hereof, as shall from time to time be retained by the Issuer for the purposes hereof.

"Related Financing Documents" means all documents and certificates relating to the issuance or payment of Bonds, including (without limitation) the Bond Insurance Policy and any documents entered into in connection with any Credit Facility (as defined in the Indenture) or any hedging transactions.

"Release Test" means the ratio of the Pledged Revenues to the annual Debt Service Requirement on the Bonds then Outstanding for the immediately preceding Fiscal Year, as certified by the chief financial officer of the University, is at least equal to one hundred twenty percent (120%).

"Renewal and Replacement Account" means the special account created in Section 24 of this Agreement.

"Revenue Account" means the special account created in Section 24 of this Agreement into which all Gross Revenues shall be deposited by the University Board.

"Surplus Account" means the special account created in Section 24 of this Agreement.

"Support Agreement" means the Support Agreement dated as of December 1, 2025 by and among the Financing Corporation and the Foundation, as amended and supplemented from time to time.

"Support Payments" means amounts paid by the Foundation to the University Board pursuant to the Support Agreement.

"Trustee" means TD Bank, National Association and its successor and assigns.

Section 2. Premises. The Land together with the Improvements and Personal Property shall be hereinafter referred to as the "Premises."

Section 3. Improvements. The "Improvements" means the following:

(a) All buildings, structures and improvements on the Land at the date hereof (including subsurface structures and foundations) and all buildings, structures and improvements hereafter erected or placed on the Land during the term of this Agreement;

(b) All parking facilities, roads, walkways, terraces, loading and dockage facilities, fencing and utility lines erected on the Land at the date hereof or hereafter erected or placed on the Land during the term of this Agreement, and

(c) All additions, alterations, restorations, repairs and replacements of any of the foregoing.

Section 4. Personal Property. Personal Property includes all fixtures, equipment and personal property of every nature whatsoever now owned by the University Board and located in or on, or attached to, or used or intended to be used in connection with the operation of the Land, and the Improvements and any replacements, additions, alterations, repairs or restorations thereof made by the University Board during the term of this Agreement.

Section 5. Termination. The Agreement shall terminate on the date on which all Bonds and any obligations under any Related Financing Documents, including all Payments relating to such Bonds and obligations, secured hereby are fully paid and canceled unless otherwise terminated as provided herein. Notwithstanding anything to the contrary herein (including any default by the University Board), the Financing Corporation agrees not to terminate this Agreement for any reason whatsoever, as long as there remains unpaid any obligations of the Financing Corporation under any outstanding Bonds pursuant to the terms of the Bonds or any Related Financing Documents, loan agreements, indentures or other documents relating thereto, or under any obligations issued in replacement thereof or substitution therefor, it being acknowledged that the continuing validity and enforceability of this Agreement may be essential to the collateral security for such obligations. The Financing Corporation and the University Board shall not terminate this Agreement or modify this Agreement in any manner that would impair or adversely affect the holders of any such obligations. The holders of such obligations shall be deemed to be third-party beneficiaries of this covenant.

Section 6. Payments. The University Board agrees to pay the Financing Corporation, at such address as the Financing Corporation shall designate to the University Board during the term of this Agreement, the following payments (the "Payments"):

(a) Base Amount. During the term of this Agreement the University Board agrees to pay to the Financing Corporation all amounts due and payable on the Bonds and any Additional Parity Obligations. Base Amount shall additionally include (to the extent not included in the above) all amounts (including, without limitation all fees, expenses and indemnities) required to be paid to any person pursuant to the Related Financing Documents, payable at such times as such amounts (including amounts due on account of acceleration) as are required to be paid under such Related Financing Documents and/or other agreements relating to the Bonds. The obligation of the University Board to apply Pledged Revenues to pay the sums provided for herein, to make all other payments provided for herein, and to perform and observe all other agreements and covenants on its part contained herein shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim that the University Board may otherwise have against the Financing Corporation. The University Board shall not suspend or discontinue any such payment or fail to perform or observe any other agreements or covenants contained herein or terminate this Agreement so long as any part of the principal or purchase price of and the interest on the Bonds or such other Additional Parity Obligations or any Related Financing Documents remain outstanding and unpaid.

(b) Additional Sums. The University Board shall bear all expenses associated with the ownership, operation and rental of the Premises, and the amounts payable to the Financing Corporation shall be net of all such expenses, including, but not by way of limitation, taxes, insurance, maintenance and repair. In addition thereto, if applicable, the University Board shall pay the Additional Sums set forth herein, during the term of this Agreement and all costs, expenses and obligations of any kind and nature whatsoever relating to the Premises, whether extraordinary or ordinary, and whether incurred from operation of the Premises, or through external services provided to the Premises, shall, except as otherwise provided herein, be paid by the University Board.

Section 7. Use of Premises.

(a) Use. The University Board shall use the Premises for the purpose of constructing and equipping the Employee Housing System for Eligible Residents.

(b) Prohibition. The University Board shall not permit the use of the Premises for any purposes that shall be unlawful or shall be noxious, injurious, or in any way harmful to the Premises, or to any persons occupying same, by reason of the production or emission of dust, smoke, refuse, gas fumes, noise, radiation, vibration or similar circumstances and conditions. Without limiting the foregoing, the University Board shall do no act that constitutes a prohibited use under the terms and provisions of this Agreement.

(c) Other Income. The University Board may maintain, install and receive income from all concessions or franchises, including but not limited to, ATMs and parking garages that the University Board may choose to operate on the Premises. Except as permitted herein, no commercial equipment or facilities whatsoever shall be permitted to be established, installed or operated on the Premises.

Section 8. The University Board's Duty to Maintain and Repair Premises. The University Board, during the term of this Agreement, shall apply Gross Revenues to make all repairs, structural repairs, replacements and perform all maintenance as shall be reasonably necessary to keep the Improvements and Personal Property in good condition and repair, suitable for the use or occupancy intended. The University Board shall comply with all laws, ordinances, orders, regulations, rules, and requirements relating to the Premises or any support facilities thereto incident to or resulting from any use or occupation thereof by University Board. The University Board shall repair all damages or injury done to the Premises by the University Board or by any person who may be in or upon the Premises. The University Board further agrees to pay all taxes, special assessments and insurance on said property and all other expenses relating to the ownership or operation of the Premises.

Section 9. Taxes. The University Board shall pay all taxes relating to the Premises and this Agreement, including, but not by way of limitation, ad valorem taxes (real and personal), if any, general and special assessments, all taxes allocated to Improvements located on or used in connection with the Land, any sales tax or use tax imposed on the rental, use, and operation of the Premises pursuant to this Agreement, and any fines, penalties, interest or costs that may be charged for nonpayment of any such taxes.

Section 10. Insurance.

(a) Insurance Coverage. The University Board shall maintain such insurance coverages and limits as provided by Chapter 284, Florida Statutes, Parts I and II, including coverage for loss of rental income for damage to the Premises.

(b) Florida Insurer. (1) Each policy of insurance required under this Section, subject to subparagraph (b)(2) below, shall be written by the State Risk Management Trust Fund as provided by Chapter 284, Florida Statutes, Parts I and II and administered by the Division of Risk Management of the State of Florida Department of Financial Services, or its equivalent or successor, and copies thereof shall be filed with the Financing Corporation. At least fifteen (15) days prior to the expiration of any such policy the University Board shall furnish to the Financing Corporation proof that such insurance coverage has been renewed or extended.

(2) The University Board shall procure and maintain extended risk and fire insurance coverage from an outside carrier for any gap between actual cash value and full insurable replacement value of any improvements or fixtures located on the Premises.

(c) Financing Corporation's Rights; Use of Proceeds. The University Board shall deliver to the Financing Corporation evidence of insurance at such time as certificates of

occupancy are issued, and evidence of renewal at least fifteen (15) days prior to the expiration of any insurance term. Any proceeds, if, as and when collected, shall be applied to the payment of any and all liabilities, losses and damages for which disbursement is made and for no other purpose.

In the event that the University Board shall at any time fail, refuse or neglect to obtain and pay for any insurance required hereunder, the Financing Corporation may, at its sole option, after reasonable notice to the University Board, obtain and pay for such insurance from any insurer licensed to do business in Florida and the University Board, to the extent permitted by law, shall pay the Financing Corporation upon demand for the cost thereof plus ten percent (10%) thereof for administrative overhead.

Section 11. Utilities. The University Board shall pay or cause Eligible Residents to pay all charges for heat, air conditioning, water, gas, electricity and other utilities used in connection with the Employee Housing System.

Section 12. Assignment and Subletting. The University Board shall not have the right to assign this Agreement or any interest therein, or to sublet any portion of the Premises other than to an agency or instrumentality of the State of Florida without the prior express written consent of the Financing Corporation; provided, however, the University Board may let or sublet the Employee Housing System facilities located on the Premises or any right or privilege pertaining thereto, to Eligible Residents. No assignment or subletting of the Premises shall in any way relieve the University Board of any of its obligations under the provisions of this Agreement.

Section 13. Warranties of the University Board. The University Board hereby represents and warrants to the Financing Corporation that it shall cause the Employee Housing System and all support facilities and appurtenances thereto to be constructed in substantial conformity with plans and specifications, or such amendments and modifications thereto, that have been previously approved in writing by the University Board.

Section 14. Casualty.

(a) Notice and Rebuilding. If, during the term of this Agreement, the Improvements at the commencement of the term of this Agreement or thereafter erected thereon, or therein, shall be destroyed or damaged in whole or in part by fire or any other cause, the University Board shall give to the Financing Corporation immediate notice thereof, and the University Board, at its own cost and expense, shall except as hereinafter provided, repair, replace, and rebuild the same with a structure of substantially the same character and condition as existed immediately prior to such occurrence, and the Financing Corporation shall in no event be called upon to repair, replace or rebuild any such buildings, improvements, equipment or furnishing, nor to pay any of the cost or expense thereof, beyond or in excess of the insurance proceeds available for such purpose.

(b) Statements. In the event of a loss that the University Board is obligated to repair or rebuild, the University Board shall present statements for work completed to the Financing Corporation, or, in the event that an architect has been retained to supervise such work, then the

University Board shall submit the appropriate requisition certificate of the architect in charge of such work to the Financing Corporation. In each instance of disbursement of proceeds by the University Board prior to the completion of any work, the University Board or the architect, if any, shall also certify to the Financing Corporation that the cost of the then remaining work necessary for completion thereof does not exceed ninety percent (90%) of the balance of said insurance proceeds as will remain after payment of the sum so requisitioned, and that such work has been prosecuted in accordance with the plans and specifications therefor.

(c) Additional Payments. If the net amount of such insurance proceeds shall be insufficient for the proper and effective repair, replacement or rebuilding of the Improvements or any fixtures or equipment thereon, the University Board shall pay the additional sum required to effect such repair, replacement or rebuilding from Pledged Revenues. The University Board shall retain any excess insurance proceeds in a trust fund, so long as this Agreement is outstanding, for the purpose of insuring prompt and full payment of the costs to repair, replace or rebuild of the Improvements

(d) Significant Damage. If during the term of this Agreement the Improvements shall be damaged or destroyed in excess of fifty percent (50%) of their insurable value, then, in all cases, all insurance proceeds derived and collected from the insurance carrier shall be applied to the restoration and rebuilding of the Improvements in accordance with the provisions of Section 10(c) hereof. The University Board shall commence such restoration and rebuilding within eighteen (18) months of receipt of such proceeds.

(e) Reconstruction Progress. Under no circumstances shall the Financing Corporation cancel this Agreement if reconstruction by the University Board is proceeding normally or if such reconstruction efforts, or the commencement thereof, are hindered or halted by any act beyond the control of the parties as enumerated in Section 30(c) hereof. All such work and the performance thereof shall be subject to and be performed in accordance with the provisions of Section 16 hereof.

(f) Continuity of Payments. In the event of the partial or complete destruction of the Improvements, the University Board's obligation to pay the Payments shall be partially or fully abated in proportion to the percentage of the Improvements rendered unsafe or uninhabitable (in the University Board's reasonable discretion) until the Improvements have been fully restored; provided that the Financing Corporation shall receive during such period the proceeds, which shall not be less than the Base Amount set forth in Section 6 herein, of the insurance required under Section 10 hereof and any other insurance maintained by the University Board as well as any other amounts from the University Board necessary to pay the full Payments set forth herein. In no event shall the Base Amount be less than that required to make payments on the Bonds and under the Related Financing Documents.

Section 15. Alterations, Improvements and Additions.

(a) Impairment of Value. Subject to the compliance with and observance of all of the terms, conditions, covenants and agreements provided for in this Agreement, the University Board shall have the right, to be exercised at the University Board's option at any time during the term of this Agreement, to make alterations, improvements and additions in and to the Premises; provided, however, that the completed alterations, improvements and additions shall not materially impair the value of any existing buildings or improvements comprised in the Premises, that the University Board shall notify the Financing Corporation of its intention to make such alterations, improvements or additions in writing prior to the commencement of any such work, and that the University Board shall:

(1) Make, erect and complete the proposed improvements in accordance with such plans and specifications therefor, and in compliance with the building code and all laws, ordinances, rules, regulations and orders of any governmental bureau, body or office having competent authority to make the same and which may be applicable to the erection or construction of said improvement;

(2) Fully pay for said improvements at the times and in the manner as fixed by contracts therefor;

(3) Perform any and all duties that are or may be legally imposed on the Financing Corporation as owner of the Premises in connection with such construction and obtain any necessary certificate of occupancy therefor; and

(4) Procure and maintain throughout the period of any such construction a policy or policies of worker's compensation, builders' risk and public liability insurance.

(b) Payments Continues. During the period of such alteration and improvement, the University Board shall continue to pay the Payments pursuant to Section 6 of this Agreement and shall prevent any lien or obligation from being created against or imposed upon the Premises. All liens or charges for services rendered or materials furnished shall be discharged or bonded promptly after receipt of notification thereof from the Financing Corporation.

(c) Significant Damage. The provisions of this Section shall not apply in the event of significant damages to or destruction of the Premises, except to the extent expressly set forth in Section 14 hereof. The provisions of Section 14 of this Agreement shall govern and control in the event of any damage to or destruction of the Premises.

Section 16. Liens.

(a) Notice to Discharge. If the University Board suffers or permits any mechanics' or other lien or order for the payment of money to be filed against the Premises by reason of any change or alteration to the Premises or any addition thereto or the cost or expense thereof, or any contract relating to the same, the University Board shall, within thirty (30) days after notice to the University Board of the filing thereof, cause the same to be canceled and discharged of record and shall further defend the Financing Corporation, at the University Board's sole cost and

expense, in any action, suit or proceeding that may be brought thereon, or for the enforcement of the same, and will pay any damages and satisfy and discharge any judgment entered therein and render harmless the Financing Corporation from any liability, claim or damage resulting therefrom.

(b) Right to Contest. The University Board shall have the right to contest or review by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, the University Board shall conduct at its own expense, and free of any expense to the Financing Corporation, and, if in the University Board's opinion necessary, in the name of the Financing Corporation), any such lien filed against the Premises upon condition that, before instituting any such proceedings, if the contested items shall not have been paid, the University Board shall furnish to the Financing Corporation a surety company bond or a cash deposit sufficient to cover the amount of such contested items, with interest and penalties for the period during which such proceedings may reasonably be expected to take, securing payment of such contested items, interest and penalties, and all costs in connection therewith, and upon the furnishing of such bond or cash deposit the University Board shall not be deemed to be in default in the payment of such contested items. Alternatively, the University Board shall have the right to transfer any such lien to bond with the Clerk of the Circuit Court of Lee County, Florida. Notwithstanding the provisions of the foregoing sentence or the furnishing of any such bond or deposit, the University Board shall promptly pay all such items if at any time the Premises or any part thereof shall be in danger of being forfeited or lost by reason of such nonpayment, and upon such payment any such deposit or security shall be forthwith returned to the University Board and any such bond canceled and discharged. The legal proceedings herein referred to shall include appropriate appeals from any judgments, decrees or orders, but all such proceedings shall be commenced as soon as is reasonably possible after the imposition or assessment of any contested items and shall be prosecuted to final adjudication with reasonable dispatch. In the event of any reduction, cancellation or discharge of any such contested item, the University Board shall pay the amount finally levied against the Premises or adjudicated to be due and payable on any such contested items and upon such payment any such deposit or security shall be forthwith returned to the University Board and any such bond canceled and discharged, and if there shall be any refund with respect thereto, the University Board shall be entitled to the same.

Section 17. Inspection. The University Board shall permit the Financing Corporation or the agents of the Financing Corporation upon reasonable notice to enter upon the Premises between the hours of 9:00 a.m. and 5:00 p.m. on business days to inspect the Premises; provided, however, that the Financing Corporation shall not unreasonably interfere with the University Board's use of the Premises.

Section 18. [RESERVED]

Section 19. Default. In the event that either of the parties shall fail to perform any covenant required to be performed by such party under the terms and provisions of this Agreement, and such failure shall continue unremedied or uncorrected for a period of thirty (30) days after written notice to such party by the other party hereto, specifying such failure, such

party shall be in default hereunder. If the University Board shall fail to make any payment required under this Agreement, which failure to pay shall not be remedied within thirty (30) days from the date of written notice to the University Board specifying such failure, the University Board shall be in default hereunder.

In the event of any default by the University Board, the Financing Corporation shall be entitled to cure such default and thereafter the University Board shall indemnify, to the extent permitted by Florida law, the Financing Corporation for all costs and expenses incurred thereby, and the Financing Corporation shall be entitled to seek specific performance of any covenant herein, or to be compensated for all damages incurred by a breach thereof with interest thereon at two percent (2%) over the Prime Rate as published from time to time in the Wall Street Journal or similar financial publication.

The University Board shall pay upon demand all of the Financing Corporation's costs, charges and expenses, including the fees of counsel, agents and other retained by the Financing Corporation, incurred in enforcing the University Board's obligations hereunder or incurred by the Financing Corporation in any litigation, negotiation or transaction in which the University Board causes the Financing Corporation, without the Financing Corporation's fault, to become involved or concerned.

Section 20. Pledge of Revenues. The obligation of the University Board to make Payments hereunder shall be limited to the Pledged Revenues and any other trust funds not otherwise obligated that are available for purposes of paying Payment obligations hereunder in accordance with Florida law. The University Board hereby pledges and grants a lien on, for the benefit of the Financing Corporation, the Pledged Revenues as security for payment of its Payment obligations relating to the Bonds issued to finance capital improvements relating to the Employee Housing System;

The University Board shall not issue any obligations in the future having a lien on any of the Pledged Revenues that is superior to the rights granted hereunder.

Section 21. Rate Covenant. The University Board hereby agrees to fix, establish and collect such fees, rentals and other charges from Eligible Residents and others using or being served by the Employee Housing System, and revise the same from time to time whenever necessary, in order to produce Pledged Revenues sufficient to pay one-hundred twenty percent (120%) of the Debt Service Requirements due under the Indenture during such Fiscal Year. The University Board covenants that it will increase such fees, rentals and other charges as may be necessary to comply with the foregoing, provided that such increase will not result in a reduction of Net Revenues for the then current or any future Fiscal Year.

If in any Fiscal Year in which the Net Revenues, as stated in the Annual Budget, are projected to be insufficient to comply with the requirement in the immediately preceding paragraph, the Financing Corporation may cause the University Board to retain a Qualified Independent Consultant to review its (i) schedule of rates, fees and charges for such Fiscal Year;

and (ii) projected Gross Revenues, Costs of Operations and Maintenance, and Support Payments for such Fiscal Year. Within sixty (60) days of such request, the Qualified Independent Consultant shall make written recommendations to the University Board and the Financing Corporation as to the methods by which the University Board may promptly seek to comply with all of the provisions set forth in the immediately preceding paragraph. The Financing Corporation shall or shall cause the University Board to, within thirty (30) days of receipt of the recommendations, implement such recommendations to the extent required so as to cause it to thereafter comply with such requirements. Failure to comply with the requirements of the immediately preceding paragraph shall not be considered an Event of Default hereunder so long as (i) the University Board are implementing the recommendations of the Qualified Independent Consultant, and (ii) Net Revenues in each Fiscal Year shall equal at least one hundred percent (100%) of an amount equal to the annual Debt Service Requirement for all Bonds coming due in such Fiscal Year.

Section 22. Parity Debt. Neither the Financing Corporation nor the University Board shall incur any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of this Agreement upon the Pledged Revenues. Any other obligations incurred by University Board in addition to the obligations herein authorized or Additional Parity Obligations provided for below, payable from such Pledged Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the pledge of Pledged Revenues to secure the Payments under this Agreement, as to lien on and source and security for payment from such Pledged Revenues.

Additional Parity Obligations, payable from the Pledged Revenues on a parity with Payment obligations presently required under this Agreement, may be incurred for the construction and acquisition of additions, extensions and improvements to the Employee Housing System or for refunding purposes only upon the following terms, restrictions and conditions and in the manner herein provided:

(a) A certificate shall be executed by the chief financial officer of the University setting forth (i) the average annual amount of Net Revenues reasonably expected for the two Fiscal Years immediately following the Fiscal Year in which such Additional Parity Obligations are issued, adjusted as provided below, and (ii) the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued. If the Additional Parity Obligations are being issued to finance the acquisition or construction of additions to the Employee Housing System, then the projected Net Revenues set forth in (i) shall be adjusted to include the projected revenues and expenses of the additions financed by such Additional Parity Obligations, as if such additions will be part of the Employee Housing System during all of such two Fiscal Years, regardless of when such additions are reasonably anticipated to be placed in service. If the Additional Parity Obligations proposed to be issued will also be payable from Support Payments made by the Foundation pursuant to the Support Agreement on a parity with the Bonds then Outstanding, then the certificate in (i) shall also include the projected average annual amount of Support Payments in each Fiscal Year.

(b) The University Board shall 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 Agreement and the Indenture and the University Board must be currently in compliance with the covenants and provisions of this Agreement, or upon the issuance of such Additional Parity Obligations, the University Board will be brought into compliance with all such covenants and provisions.

(c) The projected average annual amount of Net Revenues for the two Fiscal Years certified by the chief financial officer of the University pursuant to subparagraph (a) above must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued. However, notwithstanding the foregoing, if the Additional Parity Obligations will be payable from Support Payments on a parity with the Bonds then Outstanding, then (i) the projected average annual amount of Net Revenues must be at least equal to one hundred percent (100%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued, and (ii) such projected Net Revenues together with the projected Support Payments certified by the chief financial officer of the University pursuant to subparagraph (a) above, must be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued.

(d) If Additional Parity Obligations are issued to refund Outstanding Bonds and the Debt Service Requirement of such refunding Additional Parity Obligations in each Fiscal Year is equal to or less than the corresponding Debt Service Requirement of the refunded Bonds, then the provisions contained in (a) and (c) above shall not apply to the issuance of the refunding Additional Parity Obligations.

In addition, the University Board may issue or incur obligations secured by or payable from Net Revenues on a pari-passu basis with the Payment obligations of the University Board under this Agreement only if and to the extent that (i) no default has occurred or is continuing under this Agreement and the issuance of such additional obligations would not cause the Agreement to be in default and (ii) after giving effect to such parity debt obligations, the Financing Corporation would have the ability to issue Additional Parity Obligations in like amount under the terms of the Indenture.

Section 23. Annual Budget. The University Board shall cause University staff to prepare and adopt, at least thirty (30) days prior to the commencement of each Fiscal Year, a detailed budget (the "Annual Budget"). If the Annual Budget is not adopted for any new Fiscal Year prior to the commencement thereof, then the Annual Budget (if any) in effect as of the end of the immediately preceding Fiscal Year shall be used for such new Fiscal Year until replaced by an Annual Budget adopted therefor in accordance with the provisions of this Section.

The Annual Budget for each Fiscal Year shall contain (i) a projection of all Gross Revenues expected to be received by the University Board, during each such Fiscal Year, (ii) a projection of

all Costs of Operation and Maintenance expected to be incurred by the University Board during such Fiscal Year, reflecting a reasonable breakdown of such projected expenses into separate line items, (iii) a projection of the Debt Service Requirement, including any additions to or replenishments of reserves required during such Fiscal Year with respect to the Bonds and amounts payable with respect to any other indebtedness of the Financing Corporation permitted by the Indenture, (iv) a schedule of capital expenditures (including all installment purchases) proposed to be made by the University Board during such Fiscal Year, including in the schedule of such capital expenditures, any proposed lease having a term in excess of one year, irrespective of whether such lease is required to be capitalized under generally accepted accounting principles, (v) a schedule of the capital maintenance and repair costs related to the Employee Housing System that the University Board is obligated to pay pursuant to Section 8 of this Agreement, (vi) a schedule demonstrating that Net Revenues (or in the event Net Revenues are projected to be insufficient, any projected Support Payments anticipated to be made by the Foundation under the Support Agreement) are anticipated to be at least equal to one-hundred twenty percent (120%) of the Debt Service Requirement for the Fiscal Year, and (vii) such other statistical information related to the projected operations of the Employee Housing System as the University may deem useful.

No expenditure for the operation or maintenance of the Employee Housing System shall be made by the University Board in any Fiscal Year in excess of the amount provided therefore in the Annual Budget without a finding and recommendation of the University's chief financial officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the Employee Housing System, and no such expenditure shall be made until the University Board, or its designee, shall have approved such finding and recommendation.

Within 30 days of the adoption of the Annual Budget for each Fiscal Year the University Board shall provide a copy of the same to the Foundation and Holders of the Bonds as shall make written requests therefor to the Trustee.

Section 24. Establishment of Accounts; Application of Pledged Revenues. The University Board shall establish and maintain for the purposes stated herein, the following accounts hereby established and created, each on a parity with each other:

Employee Housing System Revenue Account ("Revenue Account"); and

Employee Housing System Operating Account ("Operating Account").

The Financing Corporation shall establish and maintain for the purposes stated herein, the following accounts hereby established and created, each on a parity with each other:

Employee Housing System Debt Service Account (the "Debt Service Account");

Employee Housing System Renewal and Replacement Account (the "Renewal and Replacement Account");

Employee Housing System Debt Service Reserve Account (the "Debt Service Reserve Account"); and

Employee Housing System Surplus Account.

The Revenue Account held and established by the University Board and the Debt Service Account, the Renewal and Replacement Account, the Debt Service Reserve Account, the Surplus Account held and established by the Financing Corporation and any other special funds or accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds. Moneys held in Debt Service Account, and the Debt Service Reserve Account, the Renewal and Replacement Account, the Surplus Account and the accounts therein shall be subject to a lien and charge in favor of the Holders in the manner and to the extent provided herein and in the Indenture; provided, however, that the Holders shall have no lien on or right to payment from amounts on deposit in the Operating Account.

The designation and establishment of the various accounts in and by this Agreement shall not be construed to require the establishment of any completely independent, self-balancing accounts 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.

The cash required to be accounted for in each of the foregoing accounts established herein may be deposited in a single bank account, and funds allocated to the various accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein and such investments for the various purposes of such accounts as herein provided.

Moneys on deposit in the Revenue Account may be invested and reinvested in the manner provided by law provided such investments either mature or are redeemable at not less than par at the option of University Board not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund.

(a) Application of Gross Revenues by the University Board. The University Board shall deposit the Gross Revenues or shall cause the Gross Revenues to be deposited, upon receipt thereof, in the Revenue Account. Such funds shall be applied by the University Board in each Fiscal Year in which Bonds are Outstanding, only in the following manner and in the following order of priority.

(1) Gross Revenues shall be applied by the University Board to pay the budgeted amount of Costs of Operation and Maintenance as the same shall become due, as set forth in the Annual Budget.

(2) Next, on November 15th and May 15th commencing May 15, 2026 the University Board shall transfer to the Financing Corporation for deposit in the Debt Service Account (a) those amounts that are estimated as being required to pay the interest due on the

Bonds for the current Fiscal Year, after taking into account proceeds from the sale of Bonds to pay capitalized interest as provided in the Indenture, and (b) those amounts that are required to pay the principal or purchase price corresponding to the principal due on the Bonds and any other amounts payable under other Related Financing Documents for the current Fiscal Year ("Debt Service Payments").

(3) Next, following the transfer to the Financing Corporation related to the June 1st Payment date in any Fiscal Year, the University Board shall transfer all remaining Gross Revenues to Financing Corporation ("Net Revenue Transfer").

Such payments shall be increased or reduced proportionately to the extent required to pay such interest becoming due, after making allowance for the amounts of money that will be deposited in the Debt Service Account out of proceeds from the sale of the Bonds (or Additional Parity Obligations) to pay interest on the Bonds (or Additional Parity Obligations).

(b) Application of Employee Housing Revenues by the Financing Corporation. The Financing Corporation shall apply the amounts received from the University Board, upon receipt thereof in the following manner and in the following order of priority.

(1) Amounts received from the University Board representing Debt Service Payments shall be transferred to the Debt Service Account and thereafter transferred to the Trustee prior to such Payment Date.

(2) Amounts representing Net Revenue Transfers shall be applied in the following manner and in the following order of priority:

- a. There shall be transferred to the Debt Service Reserve Account such amount necessary to replenish the amount on deposit therein to the Debt Service Reserve Requirement, if any;
- b. Next there shall be paid the annual rating agency surveillance fees and the annual trustee fees;
- c. Next there shall be transferred to the Renewal and Replacement Account the amount required by the Annual Budget as determined by Section 25 hereof;
- d. Employee Housing System allocated share of Financing Corporation expenses; and
- e. Next any remaining amounts shall be transferred to the Surplus Account.

Section 25. Renewal and Replacement Account. Amounts on deposit in the Renewal and Replacement Account may be applied at the request of the University Board to pay (i) the

capital maintenance and repair costs related to the Employee Housing System that the University Board is obligated to pay pursuant to Section 8 of this Agreement or, to the extent that the Net Proceeds shall be insufficient for such purposes, to the costs of restoration or replacement of the Project (or any portion thereof) pursuant to Section 14 of this Agreement, and (ii) the Debt Service Requirements on the Bonds to the extent there are insufficient funds in the Debt Service Account, the Surplus Account therefor on the date such Debt Service Requirements are due. The amount required to be deposited into the Renewal and Replacement Account shall be adjusted by the University Board from time to time. At least every five (5) years following the completion of the Project, the University Board shall obtain a written report of an Independent Engineer relating to the adequacy of the deposits in the Renewal and Replacement Account and the condition of the Employee Housing System on a forward looking basis taking into account capital expenditures that may be needed during the next five (5) years which shall state the Independent Engineer's recommendation as to the amount of any adjustment needed to the Renewal and Replacement Account. The amounts required to be deposited into the Renewal and Replacement Account shall be subject to adjustment upward or downward if so recommended by the Independent Engineer.

Section 26. Debt Service Reserve Account. There is hereby created by the Financing Corporation and ordered established the Debt Service Reserve Account. The Financing Corporation will also establish a separate subaccount within the Debt Service Reserve Account with respect to each series or related series of Additional Parity Obligations, as applicable.

The Finance Corporation shall withdraw funds from the applicable subaccount of the Debt Service Reserve Account and transfer to the Trustee to pay the Debt Service Requirements then due on the respective series of Bonds to the extent that there are insufficient funds for said purposes in the Debt Service Account, the Surplus Account and the Renewal and Replacement Account available therefor on the date such Debt Service Requirements are due.

On the final maturity date of a series of Bonds any moneys in the applicable subaccount of the Debt Service Reserve Account may be used to pay the Debt Service Requirements on the respective series of Bonds on such final maturity date. In the event of the redemption of a series of Bonds in whole, any moneys in the applicable subaccount of the Debt Service Reserve Account shall be transferred to the respective subaccount of the Debt Service Account and applied to the payment of the principal of and premium, if any, on such series of Bonds.

Section 27. Surplus Account. Provided (i) no default shall have occurred and then be continuing, (ii) the University Board is current in all deposits to the Renewal and Replacement Account and any amounts withdrawn from the Renewal and Replacement Account to pay Debt Service Requirements on the Bonds in accordance with Section 25 hereof shall have been reimbursed in full, (iii) all amounts withdrawn from the Debt Service Reserve Account to pay Debt Service Requirements on the Bonds in accordance with Section 26 hereof shall have been reimbursed in full, (iv) all extraordinary expenditures of the University Board related to the operation or maintenance of the Employee Housing System not otherwise included in the Annual Budget have been reimbursed in full, and (v) the allocable portion of expenses incurred by the Financing Corporation which may include an allocable portion of University general

administrative overhead, annual audit expenses and excess insurance coverage premiums have been reimbursed in full, then upon receipt by the Financing Corporation of the annual financial statements and Audit Report of the University Board for the most recently ended Fiscal Year and the University Board's calculations of the Release Test has been satisfied amounts on deposit in the Surplus Account as of June 30th of the prior Fiscal Year may be applied by the Financing Corporation to, (a) repay the Foundation for Support Payments, (b) transfer to the Renewal and Replacement Account until the aggregate annual amounts deposited to the Renewal and Replacement Account from all sources totals at least \$500,000, and (c) for any other lawful purpose as determined by the University Board.

Section 28. Supply of Services. The Financing Corporation shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Premises. The University Board hereby assumes full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises and warrants to maintain the Premises in an operative condition for the purposes for which they were intended.

Section 29. Modification. None of the covenants, terms, agreements or conditions of this Agreement shall in any manner be altered, waived, changed or abandoned, nor shall the term hereof or any part thereof be surrendered except by a written instrument, signed, sealed, acknowledged and delivered by the parties hereto.

Section 30. Invalidity of Particular Provision. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, with the exception of Sections 6 and 7 hereof, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

Section 31. Waivers. Either party to this Agreement may, by written notice to the other party hereto, waive any provision of this Agreement. No waiver by any party hereto of a breach of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach.

Section 32. Miscellaneous.

(a) Obligations Limited. The University Board's obligation to make payments under this Agreement does not constitute a debt, liability or obligation of the University Board (except to the extent provided in Section 20), the University, the Florida Board of Governors, the State of Florida or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof. Neither the University Board nor the State shall be obligated or required to levy any ad valorem taxes on any property to pay the principal, premium, if any, or interest on the Bonds or to make payments under this Agreement except from the revenues pledged for the payment thereof, in the manner and on the conditions contained herein.

Neither the Bonds nor this Agreement shall constitute a lien upon property owned by or situated within the territorial limits of the State of Florida.

(b) Laws of Florida Govern. This Agreement shall be governed by, and be construed and enforced in accordance with the laws of the State of Florida without regard to conflict of laws principles.

(c) Excusable Delays. Except as otherwise expressly provided herein, neither party shall be responsible for any delay in their performances called for under this Agreement which is caused by acts of God, war, national emergency, strikes, shortages of material, or governmental regulations or control; provided, however, nothing in this subparagraph (c) shall excuse the University Board from the prompt payment of any rental or other charge required of the University Board.

(d) Time. Time is of the essence in every particular of this Agreement, including, but not limited to, obligations for the payment of money.

(e) Notices. In every instance where it shall be necessary or desirable for the Financing Corporation or the University Board to serve any notice or demand upon the other party hereto, it shall be sufficient (i) to deliver or cause to be delivered by hand a written or printed copy thereof, or (ii) give any notice by telephonically confirmed facsimile transmission or electronically confirmed email and (iii) to send a written or printed copy thereof by United States registered mail, postage prepaid, addressed to such party at the address noted below, in which event the notice of demand shall be deemed for all purposes to have been served seventy-two (72) hours after the time the copy is mailed:

As to the Financing Corporation:

Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Ft. Myers, Florida 33965-6565
Attention: Executive Director

If to the University Board:

The Florida Gulf Coast University Board of Trustees
10501 FGCU Boulevard South
Ft. Myers, Florida 33965-6565
Attention: Corporate Secretary
Attention: Office of General Counsel

Either party may advise the other party by proper notice of any change in address or addressee.

(f) Entire Agreement. With the exception of the Support Agreement, this Agreement contains the entire agreement between the Financing Corporation and the University Board with respect to the subject matter of this Agreement; there are no verbal agreements, representations, warranties or other understanding affecting the same; as a material part of the consideration hereof and to the extent permitted by law, each party hereby waives all claims against the other for rescission, damages or any other form of agreement or understanding not contained in this Agreement; and any purported change, modification, release, discharge or waiver of any provision contained herein shall be of no force, effect, or value, unless set forth in writing and signed by the party to be bound.

(g) Relationship of the Parties. Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than Financing Corporation and University Board. The Agreement shall benefit and bind the parties hereto and their successors and assigns and shall benefit a credit enhancement provider, if any.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

(i) Headings. The Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(j) Term of Agreement. This Agreement shall terminate at such time as the Bonds shall no longer be Outstanding under the provisions of the Indenture and all obligations thereunder have been satisfied.

(k) Severability. In the event any section, subsection, paragraph, subparagraph, sentence, clause or phrase of this Agreement shall be declared or adjudged invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsection, paragraphs, subparagraphs, sentences, clauses or phrases of this Agreement, which shall be and remaining full force and effect, as if the section, subsection, paragraph, subparagraph, sentence, clause or phrase so declared or adjudged invalid or unconstitutional was not originally a part thereof. The parties hereby declare that it would have been their intention to have agreed upon the remaining parts of this Agreement if it had known that such part or parts thereof would be declared or adjudged invalid or unconstitutional.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Financing Corporation and the University Board have caused this Agreement to be executed, the day and year first above written.

FINANCING CORPORATION:

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

By: _____

Name: David Vazquez

Title: Executive Director

UNIVERSITY BOARD:

**THE FLORIDA GULF COAST UNIVERSITY
BOARD OF TRUSTEES, a public body
corporate acting for and on behalf of
FLORIDA GULF COAST UNIVERSITY**

By: _____

Name: Aysegul Timur

Title: President

[Signature Page to Agreement]

EXHIBIT "A"
DESCRIPTION OF THE LAND

EXHIBIT "B"
DESCRIPTION OF IMPROVEMENTS

SUPPORT AGREEMENT
(FGCU Employee Housing Project)

THIS SUPPORT AGREEMENT ("Agreement") is made and entered into as of the 1st day of December, 2025 by and between the Florida Gulf Coast University Foundation, Inc. (the "Foundation") and Florida Gulf Coast University Financing Corporation, Inc., a not-for-profit Florida corporation ("Financing Corporation").

WHEREAS, the Financing Corporation was incorporated by The Florida Gulf Coast University Board of Trustees (the "University Board") acting for and on behalf of Florida Gulf Coast University (the "University"), to provide direct support to the University Board and designated by the University Board as a "University Direct Support Organization" pursuant to §1004.28, Florida Statutes; and

WHEREAS, the University Board has requested the Financing Corporation to issue a series of bonds the proceeds of which, together with a cash contribution from the University, will finance the construction of the first phase of the FGCU Employee Housing System (the "Project") located on land owned by the University Board; and

WHEREAS, the Project will be owned and operated by the University Board to provide residential rental units primarily for faculty and staff of the University at below market rates as provided in the Operating Agreement dated as of December 1, 2025 by and between the University Board and the Financing Corporation; and

WHEREAS, the net revenues generated from leasing of residential rental units will be pledged by the University Board to repay the principal of and interest on bonds to be issued by the Financing Corporation from time to time the proceeds of which will be used to finance the costs to design, construct and equip the Employee Housing System which will be built in phases as described in the Operating Agreement; and

WHEREAS, the University Board has requested the Financing Corporation to issue a series of its Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project) (the "Series 2025A Bonds") pursuant to the Amended and Restated Trust Indenture dated as of July 1, 2013, as supplemented by the Fifth Supplement to Amended and Restated Trust Indenture dated as of December 1, 2025 both between Financing Corporation and TD Bank, National Association, as trustee (the "Trustee") the proceeds of which will be used to finance the costs of the Project and to pay certain financing costs; and

WHEREAS, in order to provide added security for the holders of the Series 2025A Bonds the University has requested the Foundation and the Foundation has agreed to enter into this Agreement to make certain payments to the University Board in the event the revenues generated by the Project are insufficient to meet the financial requirements set forth in the Indenture and the Operating Agreement; and

WHEREAS, amounts to be paid by University Board under the Operating Agreement are secured by a pledge of and lien on the Pledged Revenues consisting of Net Revenues of the Employee Housing System, the payments to be made by the Foundation pursuant to this agreement and the amounts on deposit in the funds and account, as described in the Operating Agreement and the Indenture; and

WHEREAS, the University Board has obligated itself to generate Net Revenues in an amount sufficient to pay one-hundred twenty percent (120%) of the Debt Service Requirement for each Fiscal Year in which the Series 2025A Bonds are Outstanding; and

WHEREAS, the parties now desire to set forth in writing the terms and conditions of their agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth hereinafter, the sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I RECITALS AND DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Operating Agreement.

ARTICLE II FOUNDATION SUPPORT

Pursuant to the Operating Agreement the Financing Corporation and the University Board established certain accounts. Pursuant to the terms of the Operating Agreement the University Board has obligated itself to deposit the Gross Revenues paid by the Eligible Residents occupying units within the Project into the Revenue Account. Interest payments on the Series 2025A Bonds are due semiannually on each June 1st and December 1st commencing June 1, 2026. Principal payments on the Series 2025A Bonds will be due on June 1 commencing June 1, 2028. If on November 15th or May 15th of any Fiscal Year in which the Series 2025A Bonds are Outstanding the funds on deposit in the Debt Service Account are not sufficient to pay the Debt Service Requirement due on the next succeeding payment date, then the Foundation shall transfer to the University Board within seven (7) Business Days following notice from the University Board, and no later than one (1) Business Day prior to the payment date in an amount equal to the difference between the amount required to be on deposit in the Debt Service Account and the amount actually on deposit in the Debt Service Account (such amounts paid being "Debt Service Supports"). The Debt Service Support shall be transferred by the University Board to the Financing Corporation for further deposit to the Debt Service Account at the time and in the amount necessary to make the full and timely payment due on the Series 2025A Bonds.

In addition to the Debt Service Support, if on June 2nd of any Fiscal Year in which the Series 2025A Bonds are Outstanding the Net Revenues for the current Fiscal Year are projected by the

University Board to be less than one-hundred twenty percent (120%) of the Debt Service Requirement on June 30th of such Fiscal Year the Foundation shall deposit with the University Board within seven (7) Business Days following notice from the Financing Corporation, and no later than one (1) Business Day prior to the end of the current Fiscal Year, for deposit in the Revenue Account an amount equal to the difference between one-hundred twenty percent (120%) of the Debt Service Requirement for the current Fiscal Year and the total projected Net Revenues for the same period (such amount paid being "Coverage Support"). The Coverage Support shall be transferred by the University Board to the Financing Corporation as part of the annual Net Revenue Transfer.

The total obligations incurred by the Foundation under this Agreement in any Fiscal Year shall not exceed an amount equal to the difference between one-hundred twenty percent (120%) of the annual Debt Service Requirement with respect to the Series 2025A Bonds, which will not exceed \$1,800,000 in any year based on the Maximum Annual Debt Service, and the Net Revenues available to pay the Debt Service Requirement on the Series 2025A Bonds during such Fiscal Year ("Support Payment Limit").

The failure by the Foundation to pay a Debt Service Support or a Coverage Support (collectively, the "Support Payments") in the Fiscal Year in which it was incurred will not reduce the amount payable in any subsequent Fiscal Year. For the avoidance of doubt, the parties hereto agree that the Foundation's Support Payment obligations hereunder in any Fiscal Year shall include (i) the amount of any Support Payment(s) incurred in the then current year up to the current year Support Payment Limit plus (ii) the amount of any unpaid Support Payment(s) incurred in any prior Fiscal Year(s). The Financing Corporation shall promptly provide the Foundation written notice of any failure on the part of the University Board to transfer less than the amount required to be transferred pursuant to the Operating Agreement.

Upon receipt of notice from the University Board as provided above, the Foundation covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from available cash, an amount equal to the respective Support Payment. Such covenant and agreement on the part of the Foundation to budget and appropriate such amounts shall be absolute and unconditional, free from deductions and with any offset, recoupment, diminution or set-off whatsoever. In addition, such covenant and agreement on the part of the Foundation to budget and appropriate such amounts shall be cumulative to the extent not paid to the University Board, and a continuing obligation until such funds are budgeted and appropriated by the Foundation and paid to the University Board in amounts sufficient to pay the Debt Service Support or paid to University Board in amounts sufficient to pay the Coverage Support, subject to the Support Payment Limit. No lien upon or pledge of such budgeted funds shall be in effect until such monies are budgeted and appropriated by the Foundation and paid to the University Board. The Foundation further acknowledges and agrees that the obligations of the Foundation to include Support Payments in each of its annual budgets and to pay such Support Payments may be enforced in a court of competent jurisdiction in accordance with the remedies set forth herein.

At such time as the Financing Corporation shall receive its audited financial statements for the previous Fiscal Year demonstrating that Pledged Revenues were at least equal to one-hundred twenty percent (120%) of the Debt Service Requirement for the previous Fiscal Year, the Financing Corporation shall provide a copy of such audited financial statements to the University Board and shall notify the University Board that the Release Test has been satisfied. The Foundation may be reimbursed for outstanding Support Payments from amounts on deposit in the Surplus Account at the discretion of the University Board, provided that (i) the Release Test has been satisfied, (ii) there is no ongoing default under the Operating Agreement, and (iii) the University Board and the Financing Corporation are current in all deposits to the accounts created under the Operating Agreement. Upon receipt of notice from the University Board, the Financing Corporation shall, within 7 Business Days, pay the Foundation from amounts on deposit in the Surplus Account such amount as is specified by the University Board and available to repay any outstanding Support Payments. Failure to repay any or all outstanding Support Payments in any Fiscal Year shall not constitute a default under this Agreement.

ARTICLE III REPORTING

Financing Corporation shall cause the University Board to provide the Foundation the following information:

- a) A copy of the Annual Budget within thirty (30) days of adoption by the University Board; and
- b) Commencing in the month following delivery of certificates of occupancy of residential units in the Project, a quarterly statement of cashflows of the Project, which shall include a calculation of projected Support Payments for the current Fiscal Year, if any.

In the event the net Support Payments made by the Foundation (taking into consideration amounts repaid by Financing Corporation with respect to such payments) exceeds \$600,000 over two consecutive Fiscal Years the Foundation, Financing Corporation and the University Board agree to review the Budget and University Board's operating and collection procedures for the Project to determine if there are adjustments to be made to reduce the projected Support Payments in future Fiscal Years.

ARTICLE IV DEFAULT

In the event any party fails to perform the covenants and obligations provided in this Agreement, and such failure continues for a period of thirty (30) days following written notice from another party in interest, such failure shall constitute a default under the terms and provisions of this Agreement. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal and equitable remedies, including that of specific

performance, in order to protect and enforce its rights hereunder provided that neither party shall seek to terminate this Agreement as long as the Series 2025A Bonds are Outstanding.

ARTICLE V ASSIGNMENT

Other than the assignment of this Agreement to the Trustee by Financing Corporation, to which the Foundation hereby consents, Financing Corporation shall not have the right at any time to pledge, hypothecate, mortgage or assign its rights under this Agreement or any interest herein, without the prior written consent of the Foundation, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE VI NOTICES

Any notice or consent required to be given by or on behalf of either party to the other shall be in writing and shall be given by mailing such notice or consent by registered or certified mail, return receipt requested, addressed to the Foundation at the address specified below, and to Financing Corporation at the address specified below, or at such other address as may be specified from time to time in writing sent to the other party by registered or certified mail.

If to the Foundation:	Florida Gulf Coast University Foundation, Inc. 10501 FGCU Boulevard South Fort Myers, Florida 33965-6565 Attn: Executive Director
With a copy to:	Florida Gulf Coast University Foundation, Inc. 10501 FGCU Boulevard South Fort Myers, Florida 33965-6565 Attn: Office of the General Counsel
If to Financing Corporation:	Florida Gulf Coast University Financing Corporation 10501 FGCU Boulevard South Fort Myers, Florida 33965-6565 Attn: Executive Director
With a copy to:	Florida Gulf Coast University Financing Corporation 10501 FGCU Boulevard South Fort Myers, Florida 33965-6565 Attn: Office of the General Counsel

**ARTICLE VII
NO TERMINATION, ABATEMENT, ETC.**

Except as otherwise specifically provided in this Agreement, the Foundation agrees to remain bound by this Agreement in accordance with its terms. The Foundation shall not modify, surrender or terminate this Agreement, nor seek nor be entitled to any abatement, deduction, deferment or reduction of amounts due hereunder, or setoff or recoupment against such amounts. Except as expressly provided in this Agreement, the obligations of the Foundation shall not be affected by reason of (a) any damage to, or destruction of the Project or any part thereof from whatever cause; (b) the lawful or unlawful prohibition of, or restriction upon, University Board's use of the Project, or any part thereof, the interference with such use by any person, Financing Corporation, partnership or other entity; (c) any claim which Financing Corporation has or might have against University Board or by reason of any default or breach of any covenant by University Board under the Operating Agreement; (d) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Financing Corporation or any assignee or transferee of Financing Corporation; or (e) any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of the Foundation from any such obligations as a matter of law. The obligations of Financing Corporation hereunder shall be separate and independent covenants and agreements and the sums payable by the Foundation hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Agreement or by termination of this Agreement other than by reason of an event of default hereunder.

**ARTICLE VIII
ENTIRE AGREEMENT**

This Agreement and the agreements referred to herein set forth all covenants, promises, agreements, conditions and understandings between the Foundation and Financing Corporation concerning the matters described in this Agreement, and there are no covenants, promises, agreements, conditions or understanding, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Foundation or Financing Corporation unless reduced to writing and signed by them.

**ARTICLE IX
ATTORNEYS' FEES**

In any litigation, including breach, interpretation, or enforcement, arising out of this Agreement, the prevailing party in such litigation shall be entitled to recover from the non-prevailing party reasonable attorneys' fees, costs and expenses at all levels of trial and in bankruptcy.

**ARTICLE X
WAIVER OF JURY TRIAL**

Neither the Foundation, nor Financing Corporation shall seek a jury trial in any lawsuit, proceeding, counter-claim, or any other litigation based upon, or arising out of this Agreement, any related instrument, any collateral or the dealings or the relationship between or among the parties, or any of them. No party will seek to consolidate any such action, in which a jury has been waived, with any other action in which a jury trial cannot or has not been waived. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

**ARTICLE XI
GOVERNING LAW**

This Agreement shall be governed by Florida law. Venue for any litigation arising hereunder shall lie in the appropriate court located in Lee County, Florida.

**ARTICLE XII
PARAGRAPH HEADINGS**

The paragraph headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement nor in any way affect this Agreement.

**ARTICLE XIII
SEVERABILITY OF PROVISIONS**

In the event any section, subsection, paragraph, subparagraph, sentence, clause or phrase of this Agreement shall be declared or adjudged invalid or unconstitutional, such adjudication shall in no manner affect the other sections, subsection, paragraphs, subparagraphs, sentences, clauses or phrases of this Agreement, which shall be and remaining full force and effect, as if the section, subsection, paragraph, subparagraph, sentence, clause or phrase so declared or adjudged invalid or unconstitutional was not originally a part thereof. The parties hereby declare that it would have been their intention to have agreed upon the remaining parts of this Agreement if it had known that such part or parts thereof would be declared or adjudged invalid or unconstitutional.

**ARTICLE XIV
COUNTERPARTS**

This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**ARTICLE XV
THIRD-PARTY BENEFICIARY**

The Trustee, on behalf of the Holders of the Series 2025A Bonds, is a third-party beneficiary of this Agreement and no amendment to this Agreement will be valid or binding without the prior written consent of the Trustee.

**ARTICLE XVI
TERM OF AGREEMENT**

This Agreement shall terminate at such time as the Series 2025A Bonds shall no longer be Outstanding under the provisions of the Indenture and all obligations hereunder have been satisfied.

IN WITNESS WHEREOF, the Foundation and the Financing Corporation have caused this Support Agreement to be executed as of the day and year first above written.

**FLORIDA GULF COAST UNIVERSITY
FOUNDATION, INC.**

By: _____
Name: Katherine C. Green
Title: Executive Director

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION,**
a not-for-profit Florida corporation

By: _____
Name: David Vazquez
Title: Executive Director

Report No. 2025-090
January 2025

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

FLORIDA GULF COAST UNIVERSITY

For the Fiscal Year Ended
June 30, 2024



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2023-24 fiscal year, Dr. Aysegul Timur served as President of Florida Gulf Coast University and the following individuals served as Members of the Board of Trustees:

Michael A. Wynn, Chair from 2-1-24	Ryan Kaczynski from 4-1-24 ^a
Richard Eide Jr., Vice Chair from 2-1-24	J. Leo Montgomery
Blake Gable through 2-20-24, ^b Chair through 1-31-24	Dr. Lyndsay Rhodes from 8-7-23 ^c
Edward Morton, Vice Chair through 1-31-24	Luis E. Rivera II
Honorable Paul V. Applegarth from 5-8-24 ^b	Robbie Roepstorff
Anna Carlin through 8-6-23 ^c	Jaye Semrod
Emory Cavin through 3-31-24 ^a	Peter Sulick
Joseph Fogg III	

^a Student Body President.

^b Trustee position was vacant 2-21-24 through 5-7-24.

^c Faculty Senate President.

Note: One Trustee position was vacant the entire period.

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 Cristina Lescano, 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.-

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

FLORIDA GULF COAST UNIVERSITY

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SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida Gulf Coast 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

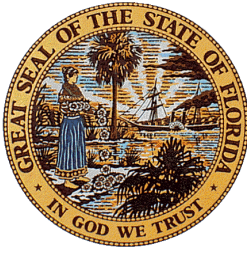
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinion. In doing so we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.
- 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

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



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Florida Gulf Coast University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Gulf Coast University and of its discretely presented component unit as of June 30, 2024, 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.

We did not audit the financial statements of the blended and discretely presented component units. The financial statements of Florida Gulf Coast University Financing Corporation, a blended component unit, which represent 5 percent, 43 percent, 7 percent, 4 percent, and 4 percent, respectively, of the assets, liabilities, net position, revenues, and expenses reported for Florida Gulf Coast University as of June 30, 2024. The financial statements of the discretely presented component unit represent 100 percent of the transactions and account balances of the discretely presented component unit columns as of June 30, 2024. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*).

Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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** be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 January 10, 2025, on our consideration of the Florida Gulf Coast 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

University's 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 Gulf Coast University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 10, 2025

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, 2024, 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, 2024, and June 30, 2023.

FINANCIAL HIGHLIGHTS

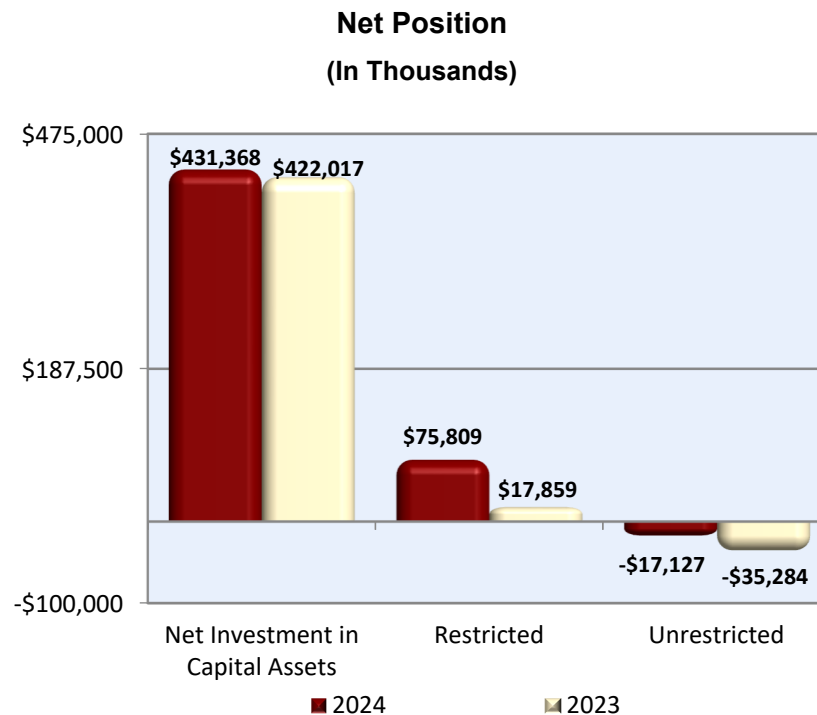
The University's assets totaled \$831.3 million at June 30, 2024. This balance reflects a \$90.3 million, or 12.2 percent, increase as compared to the 2022-23 fiscal year, resulting from increases in net investments, receivables due from State, contract and grant receivables, and construction in progress, and offset by a slight decrease in net depreciable capital assets. The increase in assets was accompanied by an increase in liabilities of \$11.5 million, or 3.4 percent, totaling \$346.9 million at June 30, 2024, compared to \$335.4 million at June 30, 2023. Deferred outflows of resources decreased by \$5.9 million, or 9.7 percent, and deferred inflows of resources decreased by \$12.5 million, or 20.4 percent, as compared to the 2022-23 fiscal year. As a result, the University's net position increased by \$85.5 million, resulting in a year-end balance of \$490.1 million.

The University's revenues totaled \$439.9 million for the 2023-24 fiscal year, representing a 27.6 percent increase compared to the 2022-23 fiscal year mainly due to increases in State capital appropriations, State noncapital appropriations, student tuition and fees, net, Federal and State student financial aid, State and local grants and contracts, and investment income. Operating expenses totaled \$349.2 million for the 2023-24 fiscal year, representing an increase of 7.6 percent as compared to the 2022-23 fiscal year mainly due to increases in compensation and employee benefits, and services and supplies, offset by a decrease in scholarships, fellowships, and waivers.

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 had a deficit in the unrestricted net position of \$50.8 million and its blended component unit had an unrestricted net position of \$33.7 million, as a result the University reported a combined deficit in the unrestricted net position of \$17.1 million. The continued deficit in the University's unrestricted net position was the result of recording long-term liabilities within the annually funded operational fund as required by the Governmental Accounting Standards Board (GASB). The following table detailing the components of the University's ending net position demonstrates that the University's negative unrestricted net position was caused by long-term liabilities that will be paid over time and financed by future appropriations.

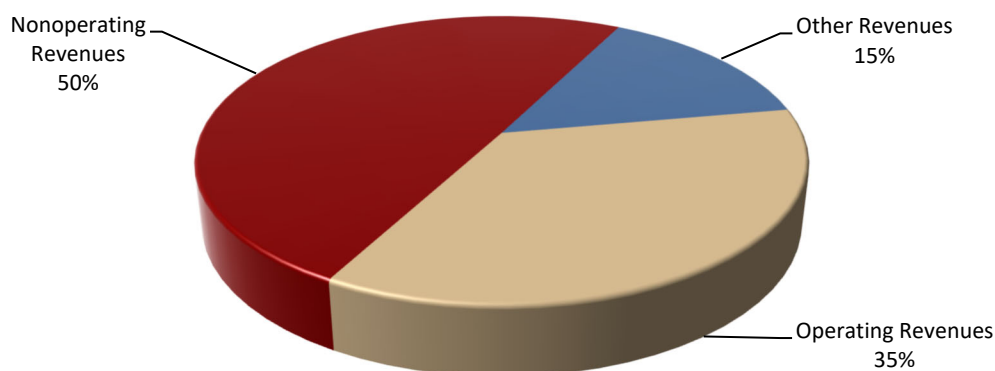
		Amount (In Thousands)
Unrestricted Fund Balance		\$ 120,497
Amount to be Financed in the Future:		
Compensated Absences Liability	\$ (16,511)	
Other Postemployment Benefits Liability	(71,543)	
Net Pension Liability	(88,939)	
Deferred Outflows of Resources	54,767	
Deferred Inflows of Resources	(49,079)	
Less, Total Amount to be Financed in the Future		<u>(171,305)</u>
University's Unrestricted Net Position		(50,808)
Blended Component Unit's Unrestricted Net Position		<u>33,681</u>
Total Ending Unrestricted Net Position		<u><u>\$ (17,127)</u></u>

The University's comparative total net position by category for the fiscal years ended June 30, 2024, and June 30, 2023, is shown in the following graph:



The following chart provides a graphical presentation of University revenues by category for the 2023-24 fiscal year:

Total Revenues 2023-24 Fiscal Year



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to the 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. Based on the application of the criteria for determining component units, the Florida Gulf Coast University Financing Corporation (Corporation) is included within the University reporting entity as a blended component unit, and the Florida Gulf Coast University Foundation, Inc. (Foundation) is included within the University reporting entity as a discretely presented component unit.

This MD&A focuses on the University, excluding the discretely presented component unit. MD&A information regarding the Corporation and Foundation component units can be found in their separately issued audit reports. Information regarding these component units, including summaries of the blended component unit's separately issued financial statements, is presented in the notes to financial statements.

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 Thousands)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 245,163	\$ 111,457
Capital Assets, Net	580,416	578,893
Other Noncurrent Assets	<u>5,689</u>	<u>50,625</u>
Total Assets	<u>831,268</u>	<u>740,975</u>
Deferred Outflows of Resources	<u>54,767</u>	<u>60,677</u>
Liabilities		
Current Liabilities	31,566	31,440
Noncurrent Liabilities	<u>315,340</u>	<u>303,992</u>
Total Liabilities	<u>346,906</u>	<u>335,432</u>
Deferred Inflows of Resources	<u>49,079</u>	<u>61,628</u>
Net Position		
Net Investment in Capital Assets	431,368	422,017
Restricted	75,809	17,859
Unrestricted	<u>(17,127)</u>	<u>(35,284)</u>
Total Net Position	<u>\$ 490,050</u>	<u>\$ 404,592</u>

The University's financial position, as a whole, increased during the fiscal year ended June 30, 2024, in the amount of \$85.5 million, or 21.1 percent, from the 2022-23 fiscal year primarily due to an increase in receivables due from State, an increase in investments, and a decrease in deferred inflows of resources, offset by an increase in the net pension liability, and a decrease in deferred outflows of resources. The increase in unrestricted net position of \$18.2 million, or 51.5 percent, was accompanied by an increase in restricted net position of \$58 million, or 324.5 percent, and a slight increase in net investment in capital assets of \$9.4 million, or 2.2 percent. The University continues to experience sound overall financial condition and health.

Total assets increased \$90.3 million, or 12.2 percent, mainly in net investments, funds due from State, and contracts and grants receivable.

Total liabilities increased \$11.5 million, or 3.4 percent. The current liabilities slightly increased by \$0.1 million, or 0.4 percent while noncurrent liabilities increased \$11.3 million, or 3.7 percent mainly from an increase in pension liability and other postemployment benefit (OPEB) liability, offset by decreases in bonds and loans payable. Deferred inflows of resources decreased \$12.5 million, or 20.4 percent, primarily due to a decrease of \$11.6 million in deferred inflows of resources related to OPEB. Deferred outflows of resources decreased \$5.9 million, or 9.7 percent, primarily due to a decrease of \$5.6 million in deferred outflows of resources associated with OPEB. Restricted net position included \$0.9 million in the required debt service reserved accounts for Loan Agreements 2005A and 2005B, \$2 million restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements, and \$0.2 million held by the bond trustee for payments on related debt. The decrease in restricted net position for debt service

during the 2023-24 fiscal year is the result of the utilization of \$0.2 million in restricted interest earned for debt interest payments during the fiscal year ended June 30, 2024.

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 2023-24 and 2022-23 fiscal years:

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

(In Thousands)

	2023-24	2022-23
Operating Revenues	\$ 155,220	\$ 150,033
Less, Operating Expenses	349,222	324,570
Operating Loss	(194,002)	(174,537)
Net Nonoperating Revenues	215,684	180,357
Income Before Other Revenues	21,682	5,820
Other Revenues	63,776	8,533
Net Increase In Net Position	85,458	14,353
Net Position, Beginning of Year	404,592	390,239
Net Position, End of Year	<u>\$ 490,050</u>	<u>\$ 404,592</u>

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.

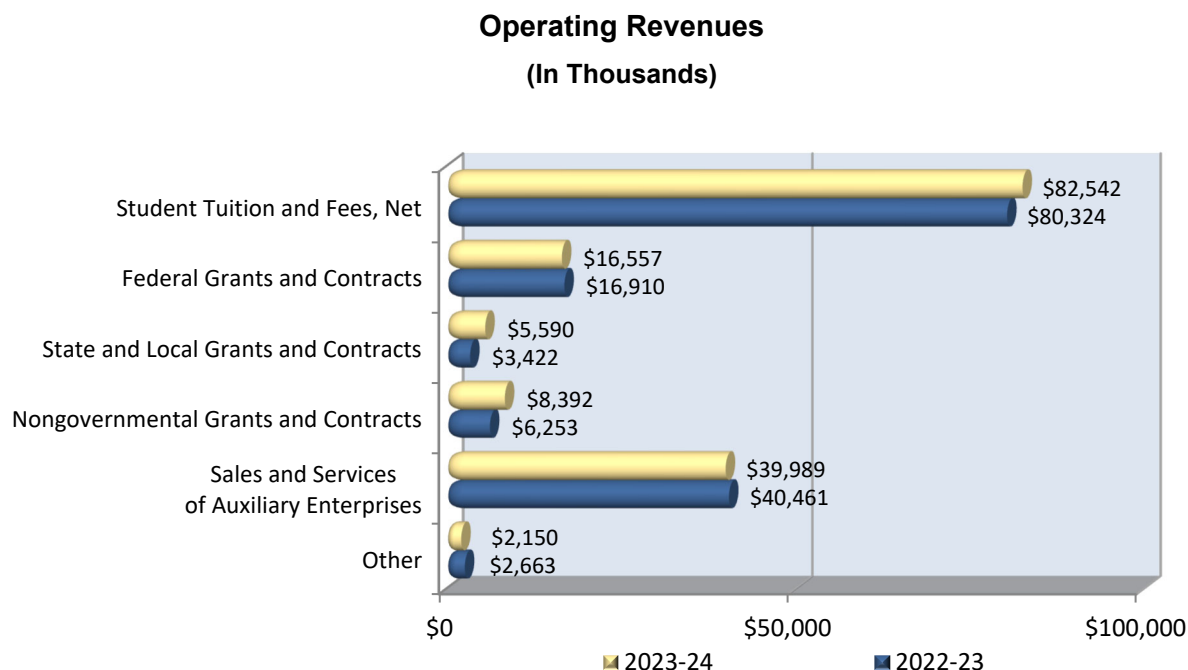
The following summarizes the operating revenues by source that were used to fund operating activities for the 2023-24 and 2022-23 fiscal years:

Operating Revenues For the Fiscal Years

(In Thousands)

	2023-24	2022-23
Student Tuition and Fees, Net	\$ 82,542	\$ 80,324
Federal Grants and Contracts	16,557	16,910
State and Local Grants and Contracts	5,590	3,422
Nongovernmental Grants and Contracts	8,392	6,253
Sales and Services of Auxiliary Enterprises	39,989	40,461
Other	2,150	2,663
Total Operating Revenues	<u>\$ 155,220</u>	<u>\$ 150,033</u>

The following chart presents the University's operating revenues for the 2023-24 and 2022-23 fiscal years:



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

- Total operating revenues for the 2023-24 fiscal year were \$155.2 million, for an increase of \$5.2 million, or 3.5 percent, over the 2022-23 fiscal year. Net student tuition and fees of \$82.5 million comprised 53.2 percent of total operating revenues.
 - The gross student tuition and fees of \$133.9 million increased \$4.7 million, or 3.7 percent, over the 2022-23 fiscal year.
 - The increase in gross student tuition and fees, in addition to an increase in scholarship allowance, resulted in net student tuition and fees of \$82.5 million which represents a net increase of \$2.2 million, or 2.8 percent, over the 2022-23 fiscal year.
 - Increased student enrollment is the main driver for the increase in gross tuition and fees revenue.
 - Sales and services of auxiliary enterprises experienced a slight decrease in revenue of \$0.5 million, or 1.2 percent, as compared to the 2022-23 fiscal year, mainly attributable to the normalizing of post-pandemic activity on campus.
 - State and local, and nongovernmental grants and contracts increased by \$4.3 million, or 45 percent over the 2022-23 fiscal year mainly due to regional water quality grants.

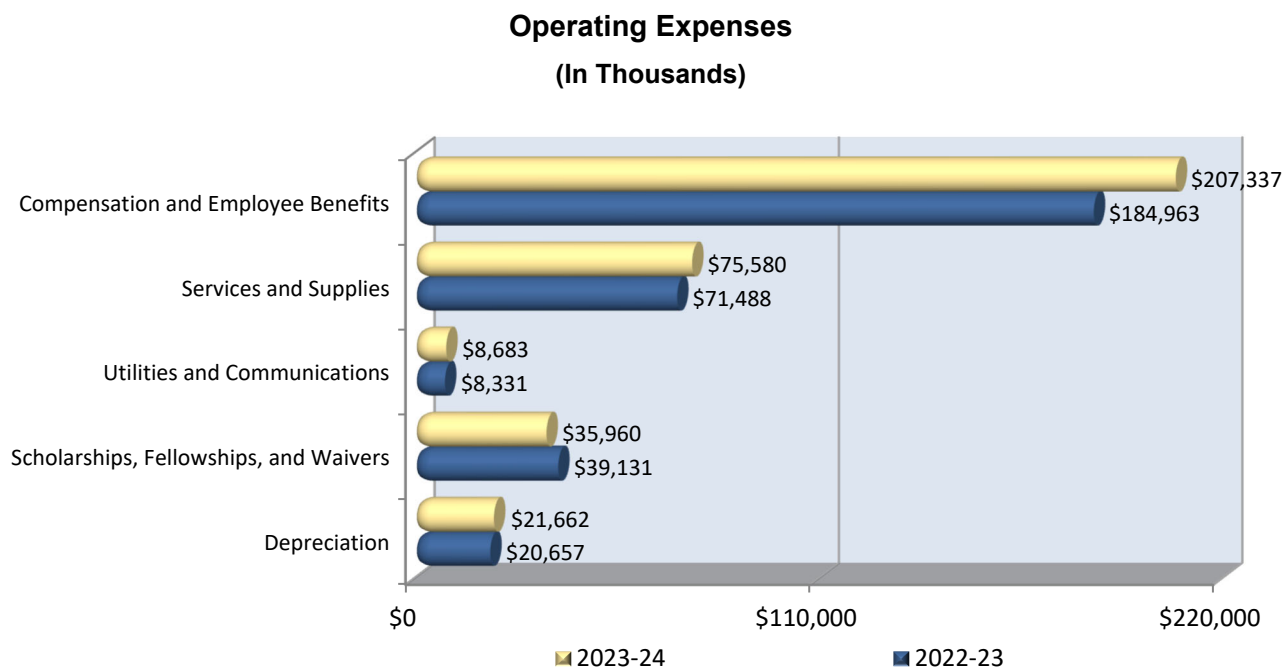
Operating Expenses

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 2023-24 and 2022-23 fiscal years:

Operating Expenses For the Fiscal Years		
(In Thousands)		
	2023-24	2022-23
Compensation and Employee Benefits	\$ 207,337	\$ 184,963
Services and Supplies	75,580	71,488
Utilities and Communications	8,683	8,331
Scholarships, Fellowships, and Waivers	35,960	39,131
Depreciation	21,662	20,657
Total Operating Expenses	\$ 349,222	\$ 324,570

The following chart presents the University's operating expenses for the 2023-24 and 2022-23 fiscal years:



Total operating expenses for the 2023-24 fiscal year were \$349.2 million, an increase of \$24.7 million, or 7.6 percent, over the 2022-23 fiscal year. Compensation and employee benefits increased \$22.4 million, or 12.1 percent, over the 2022-23 fiscal year due to increases in salaries and wages, and pensions, and offset by a decrease in OPEB expenses. Scholarships, fellowships, and waivers decreased \$3.2 million, or 8.1 percent.

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 2023-24 and 2022-23 fiscal years:

**Nonoperating Revenues (Expenses)
For the Fiscal Years**

(In Thousands)

	<u>2023-24</u>	<u>2022-23</u>
State Noncapital Appropriations	\$ 153,137	\$ 119,753
Federal and State Student Financial Aid	42,911	40,472
Investment Income	9,932	8,293
Other Nonoperating Revenues	14,954	17,613
Interest on Capital Asset-Related Debt	(5,265)	(5,461)
Gain (Loss) on Disposal of Capital Assets	15	(34)
Other Nonoperating Expenses	<u>-</u>	<u>(279)</u>
Net Nonoperating Revenues	<u>\$ 215,684</u>	<u>\$ 180,357</u>

The increase of \$33.4 million, or 27.9 percent, in State noncapital appropriations is primarily due to legislative support for Performance-based funding, recruitment and retention. Federal and State student financial aid increased \$2.4 million, or 6 percent, as compared to the 2022-23 fiscal year. The other nonoperating revenues decreased \$2.7 million, or 15.1 percent, primarily from the final Federal Higher Education Emergency Relief Fund (HEERF) funding for institutional support.

Other Revenues

This category is mainly composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2023-24 and 2022-23 fiscal years:

**Other Revenues
For the Fiscal Years**

(In Thousands)

	<u>2023-24</u>	<u>2022-23</u>
State Capital Appropriations	\$60,111	\$ 8,431
Capital Grants, Contracts, Donations, and Fees	<u>3,665</u>	<u>102</u>
Total	<u>\$63,776</u>	<u>\$ 8,533</u>

State capital appropriations increased \$51.7 million, or 613 percent, as compared to the 2022-23 fiscal year due to the initial funding of the Health Sciences (Academic 10) Building project. State contributions (appropriations) for capital projects, depending upon the various stages of planning and completion, will fluctuate from year to year.

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 2023-24 and 2022-23 fiscal years:

Condensed Statement of Cash Flows		
For the Fiscal Years		
(In Thousands)		
	2023-24	2022-23
Cash Provided (Used) by:		
Operating Activities	\$ (163,721)	\$ (146,886)
Noncapital Financing Activities	210,408	177,876
Capital and Related Financing Activities	(25,766)	(26,825)
Investing Activities	(20,477)	(7,569)
Net Increase (Decrease) in Cash and Cash Equivalents	444	(3,404)
Cash and Cash Equivalents, Beginning of Year	2,136	5,540
Cash and Cash Equivalents, End of Year	\$ 2,580	\$ 2,136

Major sources of funds included in operating activities are net student tuition and fees of \$83 million, grants and contracts of \$26.7 million, and sales and services of auxiliary enterprises of \$40 million. Major uses of funds were payments made to and on behalf of employees totaling \$193.7 million, payments to suppliers for goods and services totaling \$86 million, and payments to and on behalf of students for scholarships and fellowships totaling \$36 million. The increase in cash used by operating activities as compared to the 2022-23 fiscal year was due primarily to the increase in payments to employees and suppliers and offset in part, by an increase in cash provided by tuition and fees and a decrease in payments to and on behalf of students for scholarships and fellowships.

The largest source of inflow of cash from noncapital financing activities was State noncapital appropriations in the amount of \$153.1 million. Also included in noncapital financing revenues was Federal and State student financial aid of \$42.9 million and \$43 million of Federal Direct Loan Program receipts. The major use of funds was Federal Direct Loan Program disbursements of \$42.6 million.

Net cash used by capital and related financing activities was \$25.8 million. Source of cash was mainly provided by the State capital appropriations of \$5.6 million. Cash used was primarily due to \$17.5 million for the purchase or construction of capital assets, and \$14 million in principal and interest payments on asset-related debt.

Cash used by investing activities was \$20.5 million primarily from the net purchases of investments.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the University had \$855.5 million in capital assets, less accumulated depreciation of \$275.1 million, for net capital assets of \$580.4 million. Depreciation charges for the current fiscal year totaled \$21.7 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Thousands)

	<u>2024</u>	<u>2023</u>
Land	\$ 54,103	\$ 51,753
Construction in Progress	16,302	4,731
Buildings	451,472	461,267
Infrastructure and Other Improvements	24,888	26,541
Furniture and Equipment	24,752	24,380
Library Resources	1,659	1,897
Subscription-Based Information Technology Arrangements	4,515	5,449
Right-to-Use Leases	170	245
Works of Art and Historical Treasures	2,540	2,584
Computer Software and Other Capital Assets	15	46
Capital Assets, Net	<u><u>\$ 580,416</u></u>	<u><u>\$ 578,893</u></u>

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, 2024, were incurred on the SoVi Boardwalk and deferred maintenance projects. The University's construction commitments at June 30, 2024, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 34,816
Completed to Date	<u>(16,302)</u>
Balance Committed	<u><u>\$ 18,514</u></u>

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

Debt Administration

As of June 30, 2024, the University had \$147.8 million in outstanding bonds payable, loans payable, and right-to-use leases and subscription-based information technology arrangements payable, representing a decrease of \$8.7 million, or 5.6 percent, from the prior fiscal year resulting from principal payments.

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 Thousands)		
	2024	2023
Bonds Payable	\$ 136,621	\$ 143,843
Loans Payable	7,200	7,700
Right-to-Use Leases and SBITA Payable	4,025	4,990
Total	\$ 147,846	\$ 156,533

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on its financial position or operations during the 2024-25 fiscal year. The University’s financial outlook for the future continues to be positive, as the level of State support, and student tuition and fee increases impact the University’s ability to expand programs, undertake new initiatives, to meet its core mission, and ongoing operational needs. State noncapital appropriations, as a percentage of operating revenues and nonoperating revenues, represent 40.7 percent of the total of these combined revenues for the 2023-24 fiscal year. Therefore, the level of State support is one of the key factors influencing the University’s activities. While student enrollment continues to increase, net student tuition and fees are expected to remain constant in the 2024-25 fiscal year due to consistent Federal and State student financial aid, and institutional aid and waivers.

In an effort to retain employees and remain competitive with the current Southwest Florida labor market, the University provided employees with a 4 percent salary increase as well as a one-time salary payment of 3 percent up to \$6 thousand dollars for the 2024-25 fiscal year. University resources continue to be managed through expenditure analyses and efficiencies.

The budget that the Florida Legislature adopted for the 2024-25 fiscal year provided \$138.1 million for the University’s State noncapital appropriations, or an increase of 6.2 percent, from the 2023-24 fiscal year. In fiscal year 2024-25, Performance-based funding for the University is \$20.6 million, for a decrease of \$6.2 million, or 23 percent from the 2023-24 fiscal year of \$26.8 million. Of the \$20.6 million in Performance-based funding, \$7.7 million or 37.2 percent has been held in reserve. The University has presented its performance improvement plan to the Florida Board of Governors. For the 2024-25 fiscal year, the legislative priorities included \$3.1 million in the Prepping Institutions, Programs, Employers and Learners through Incentives for Nursing Education Program for the University.

Another significant factor in the University’s economic position relates to its ability to recruit and retain high quality students. The Fall 2024 enrollment of 16,522 students increased by 1.9 percent over the final Fall 2023 enrollment of 16,212 students. The 2024-25 fiscal year first-time-in-college freshman admission of 2,718 students decreased 2.1 percent from final enrollment of 2,776 students in the

2023-24 fiscal year. The University continues to focus on accepting better-prepared students to improve its 4-year graduation rate. Efforts to improve retention, such as an aggressive marketing plan to recruit qualified students, and enhanced intervention to assist academic success will improve the 4-year graduation rate.

The State has approved and appropriated funds to the University's capital budget in the amount of \$59 million for the 2024-25 fiscal year. Public Education Capital Outlay appropriation to continue the planning and construction of the Health Sciences (Academic 10) Building in the amount of \$56.2 million, and \$0.5 million to equip and enhance the WGPU broadcast station for the 2024-25 fiscal year. The Capital Improvement Fee appropriation of \$2.3 million for the 2024-25 fiscal year is for remodel and renovation of the Student Union Center.

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 Mr. David Vazquez, Vice President of Administrative Services and Finance, Florida Gulf Coast University, 10501 FGCU Boulevard South, Fort Myers, Florida 33965.

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BASIC FINANCIAL STATEMENTS

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

June 30, 2024

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,173,956	\$ 43,921,793
Investments	167,115,727	-
Accounts Receivable, Net	12,164,027	1,904,243
Loans Receivable, Net	1,125,532	-
Due from State	63,578,576	-
Due from University	-	384,000
Other Current Assets	5,000	-
Total Current Assets	245,162,818	46,210,036
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	1,406,017	-
Restricted Investments	4,005,790	157,700,253
Prepaid Charges	277,962	-
Due from University	-	495,793
Accounts and Pledges Receivable, Net	-	1,658,815
Depreciable Capital Assets, Net	503,142,767	-
Nondepreciable Capital Assets	72,588,566	-
Right-to-Use Leases and SBITA, Net	4,684,450	50,350
Total Noncurrent Assets	586,105,552	159,905,211
Total Assets	831,268,370	206,115,247
DEFERRED OUTFLOWS OF RESOURCES		
Bond Debt Refunding	156,304	-
Other Postemployment Benefits	25,339,458	-
Pensions	29,270,839	-
Total Deferred Outflows of Resources	54,766,601	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,109,921	468,093
Construction Contracts Payable	1,379,400	-
Salary and Wages Payable	2,970,381	-
Deposits Payable	2,029,861	-
Due to Primary Government	74,932	-
Due to Component Unit	384,000	-
Unearned Revenue	2,814,304	32,000
Long-Term Liabilities - Current Portion:		
Bonds Payable	6,620,000	-
Loans Payable	500,000	-
Right-to-Use Leases Payable	82,900	-
SBITA Liability	913,607	-
Compensated Absences Payable	1,682,040	-
Other Postemployment Benefits Payable	1,861,127	-
Revenue Received in Advance	143,667	-
Gift Annuities Payable	-	134,910
Total Current Liabilities	31,566,140	635,003

	University	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	130,000,800	-
Loans Payable	6,700,000	-
Right-to-Use Leases Payable	58,734	-
SBITA Liability	2,969,808	-
Compensated Absences Payable	14,829,165	-
Due to Component Unit	495,793	
Other Postemployment Benefits Payable	69,681,799	-
Net Pension Liability	88,939,279	-
Revenue Received in Advance	1,664,138	595,148
Total Noncurrent Liabilities	315,339,516	595,148
Total Liabilities	346,905,656	1,230,151
DEFERRED INFLOWS OF RESOURCES		
Deferred Gains on Bond Debt Refunding	479,554	-
Other Postemployment Benefits	44,219,743	-
Pensions	4,379,675	-
Gift Annuities	-	1,701,796
Total Deferred Inflows of Resources	49,078,972	1,701,796
NET POSITION		
Net Investment in Capital Assets	431,368,060	50,350
Restricted for Nonexpendable:		
Endowment	-	103,836,772
Restricted for Expendable:		
Debt Service	2,912,645	-
Loans	1,243,345	-
Capital Projects	62,928,836	-
Other	8,724,409	84,931,109
Unrestricted	(17,126,952)	14,365,069
TOTAL NET POSITION	\$ 490,050,343	\$ 203,183,300

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

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FLORIDA GULF COAST 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, 2024

	<u>University</u>	<u>Component Unit</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$51,381,184 (\$3,814,957 Pledged for the Parking Facility Capital Improvement Debt)	\$ 82,541,902	\$ -
Federal Grants and Contracts	16,557,164	-
State and Local Grants and Contracts	5,590,060	-
Nongovernmental Grants and Contracts	8,391,752	-
Sales and Services of Auxiliary Enterprises (\$139,152 Pledged for Parking Facility Capital Improvement Debt, \$29,639,338 Pledged for Housing Facility Capital Improvement Debt)	39,989,386	-
Gifts and Donations	-	19,066,759
Other Operating Revenues	2,150,158	3,955,482
Total Operating Revenues	<u>155,220,422</u>	<u>23,022,241</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	207,337,451	-
Services and Supplies	75,580,179	-
Utilities and Communications	8,682,765	-
Scholarships, Fellowships, and Waivers	35,959,903	6,326,386
Depreciation	21,661,990	-
General and Administrative	-	2,221,255
University Support	-	17,202,816
Program Services	-	4,972,037
Other Operating Expenses	-	37,320
Total Operating Expenses	<u>349,222,288</u>	<u>30,759,814</u>
Operating Loss	<u>(194,001,866)</u>	<u>(7,737,573)</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	153,136,878	-
Federal and State Student Financial Aid	42,911,024	-
Investment Income	9,931,923	19,693,435
Other Nonoperating Revenues	14,954,183	-
Interest on Capital Asset-Related Debt	(5,265,447)	-
Gain on Disposal of Capital Assets	15,076	-
Net Nonoperating Revenues	<u>215,683,637</u>	<u>19,693,435</u>
Income Before Other Revenues	<u>21,681,771</u>	<u>11,955,862</u>
State Capital Appropriations	60,111,377	-
Capital Grants, Contracts, Donations, and Fees	3,665,194	7,907,756
Increase in Net Position	<u>85,458,342</u>	<u>19,863,618</u>
Net Position, Beginning of Year	<u>404,592,001</u>	<u>183,319,682</u>
Net Position, End of Year	<u>\$ 490,050,343</u>	<u>\$ 203,183,300</u>

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

FLORIDA GULF COAST UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2024

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 82,956,337
Grants and Contracts	26,706,994
Sales and Services of Auxiliary Enterprises	40,021,022
Payments to Employees	(193,675,863)
Payments to Suppliers for Goods and Services	(85,984,572)
Payments to Students for Scholarships and Fellowships	(35,959,903)
Loans Issued to Students	(80,620)
Collection on Loans to Students	97,991
Other Operating Receipts	2,197,339
Net Cash Used by Operating Activities	<u>(163,721,275)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	153,136,878
Federal and State Student Financial Aid	42,911,024
Federal Direct Loan Program Receipts	42,972,557
Federal Direct Loan Program Disbursements	(42,647,779)
Net Change in Funds Held for Others	(1,001,088)
Other Nonoperating Receipts	15,036,929
Net Cash Provided by Noncapital Financing Activities	<u>210,408,521</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	5,592,685
Capital Grants and Contracts	113,000
Other Receipts for Capital Projects	9,839
Purchase or Construction of Capital Assets	(17,504,398)
Principal Paid on Capital Debt and Leases	(7,773,167)
Interest Paid on Capital Debt and Leases	(6,203,557)
Net Cash Used by Capital and Related Financing Activities	<u>(25,765,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	486,218,142
Purchases of Investments	(513,588,565)
Investment Income	6,893,063
Net Cash Used by Investing Activities	<u>(20,477,360)</u>
Net Increase in Cash and Cash Equivalents	444,288
Cash and Cash Equivalents, Beginning of Year	<u>2,135,685</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,579,973</u>

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (194,001,866)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	21,661,990
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Prepaid Charges	131,755
Accounts Receivable, Net	(3,527,857)
Accounts Payable	(1,850,034)
Salaries and Wages Payable	(16,767)
Deposits Payable	(672,436)
Compensated Absences Payable	1,235,299
Unearned Revenue	875,584
Other Postemployment Benefits Payable	4,938,699
Net Pension Liability	14,122,648
Deferred Outflows of Resources Related to Other Postemployment Benefits	5,626,959
Deferred Inflows of Resources Related to Other Postemployment Benefits	(11,559,771)
Deferred Outflows of Resources Related to Pensions	273,160
Deferred Inflows of Resources Related to Pensions	(958,638)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (163,721,275)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized as a decrease 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.	\$ 2,697,347
Gains from the disposal of capital assets were recognized as a decrease to nonoperating income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 15,076
Donation of capital assets were recognized on the Statement of Revenues, Expenses, and Changes in Net Position, but not in cash transactions for the Statement of Cash Flows.	\$ 4,407,189
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 Annual Comprehensive Financial Report by discrete presentation.

Blended Component Unit. Although it is legally separate from the University, the Florida Gulf Coast University Financing Corporation (Corporation) is included within the University's reporting entity as a blended component unit. The Corporation was incorporated on April 11, 2003, as a not-for-profit Florida corporation under the provisions of Chapter 617, Florida Statutes, and is a direct-support organization of the University. The Corporation was created to receive, hold, invest, and administer property and to make expenses for the exclusive benefit of the University. Due to the substantial economic relationship between the Corporation and the University, the financial activities of the Corporation are included in the University's financial statements. An annual audit of the Corporation is conducted by independent certified public accountants and is submitted to the Auditor General and the University Board of Trustees. Additional information on the Corporation, including copies of the reports, is available by contacting the University Controller's office. Condensed financial statements for the Corporation are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Gulf Coast University Foundation, Inc. (Foundation), as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011 is included within the University reporting entity as a discretely presented component unit. The Foundation was incorporated on April 19, 1993, as a not-for-profit, Florida corporation under the provisions of Chapter 617, Florida Statutes. The Foundation is a legally separate direct-support organization of the University and is governed by a separate board. Its purpose is to encourage, solicit, collect, receive, and administer gifts

and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of the University and its objectives.

An annual audit of the Foundation's financial statements is conducted by independent certified public accountants. Additional information on the Foundation, including copies of audit reports, is available by contacting the University Controller's Office.

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 blended and discretely presented, component units use the economic resources measurement focus and the accrual basis of accounting, and follows GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

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. Other revenues generally include revenues for capital construction projects.

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 the Federal Deposit Insurance Corporation (FDIC), 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.

The amount reported as restricted cash and cash equivalents for the University at June 30, 2024, includes at fair value \$388,737 of Corporation moneys of which \$385,870 was held by the lender and owner of the 2005B Loan as a debt service reserve requirement.

Cash and Cash Equivalents – Component Unit. The amount reported as cash and cash equivalents for the Foundation (discretely presented component unit) at June 30, 2024, includes \$35,122,601 of bank deposits of which \$501,545 is insured by FDIC with the remainder of \$34,621,056 collateralized under the Florida Public Deposits Program. The Foundation also had cash held on deposit with investment managers at June 30, 2024, totaling \$2,496,005, of which \$719,401 was covered by the Securities Investor Protection Corporation.

Cash and cash equivalents reported for the Foundation at June 30, 2024, also includes at fair value \$6,519,695 of Foundation moneys held in the State Treasury Special Purpose Investment Account (SPIA) investment pool representing ownership of a share of the pool, not the underlying securities. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective

duration of 3.23 years, and a fair value factor of 0.9958 at June 30, 2024. The Foundation 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 is included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

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, right-to-use lease assets, subscription-based information technology arrangements, computer software, and other capital assets. 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 \$5,000 for tangible personal property and \$100,000 for buildings and infrastructure and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 35 to 50 years
- Infrastructure and Other Improvements – 10 to 50 years
- Furniture and Equipment:
 - Equipment (Other than Moveable) – 10 to 25 years
 - Computer Equipment – 3 to 6 years
 - Moveable Equipment – 5 to 20 years
- Library Resources – 10 years
- Works of Art and Historical Treasures – 20 years
- Computer Software and Other Capital Assets – 4 to 10 years
- Right-to-Use Lease Assets – 3 to 10 years or the term of lease, whichever is shorter
- Subscription-Based Information Technology Arrangements (SBITA) – 3 to 10 years or the term of the subscription, whichever is shorter

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, loans payable, right-to-use leases payable, SBITA liability, compensated absences payable, due to component unit, other postemployment benefits payable, net pension liabilities, and revenue received in advance that are not scheduled to be paid within the next fiscal year. Bonds payable are reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt 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.

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the statements of net position. Lease assets represent the University's control of the right-to-use an underlying asset for the lease term, as specified in the contract in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payment over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Payments for short-term leases with a lease term of 12 months or less are recognized as expenses as incurred. The University has a materiality threshold of \$5,000 of payments in a year of equipment leases and \$100,000 of payments in a year for space leases. Short-term leases and leases under the materiality threshold are not included as lease liabilities or lease assets on the statement of net position.

2. 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. This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, other postemployment benefits payable, and net pension liabilities) in the current unrestricted funds.

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (69,834,750)
Auxiliary Funds	19,026,488
Total University Net Position	(50,808,262)
Blended Component Unit	
Unrestricted Net Position	33,681,310
Total	\$ (17,126,952)

3. 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 Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), 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; and direct obligations of the United States Treasury. Of the reported investments, \$2 million is restricted by the covenants of the Bond

reimbursement agreements for the Capital Improvement Revenue Bonds Series 2008A and 2009A and \$522,380 for debt service reserve accounts for the Series 2005A loan.

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 significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

External Investment Pools.

The University reported investments at fair value totaling \$2,002,049 at June 30, 2024, in the State Treasury SPIA investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs). 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 AA-f by Standard & Poor's, had an effective duration of 3.23 years, and fair value factor of 0.9958 at June 30, 2024. 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 Annual Comprehensive Financial Report.

At June 30, 2024, the University reported investments totaling \$55,675,432 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 45 days as of June 30, 2024. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost.

Section 218.409(8)(a), Florida Statutes, provides that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust

fund to ensure that the SBA can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Other Investments.

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 significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The University’s investments of \$113,444,036 in United States Treasury securities, are valued using quoted market prices (Level 1 inputs).

The following risks apply to the University’s investments in United States Treasury securities:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments of the University in debt securities and their future maturities at June 30, 2024, are as follows:

University Debt Investments Maturities

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
United States Treasury Securities	\$ 113,444,036	\$ 80,359,763	\$ 20,137,640	\$ 12,946,633	\$ -
Total	\$ 113,444,036	\$ 80,359,763	\$ 20,137,640	\$ 12,946,633	\$ -

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality.

Component Unit Investments.

The Foundation’s investments at June 30, 2024, are reported at fair value as follows:

		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)
Investments by fair value level	Amount			
United States Treasury Securities	\$ 2,038,562	\$ 2,038,562	\$ -	\$ -
Obligations of the United States Government				
Agencies and Instrumentalities	3,720,565	-	3,720,565	-
Bonds and Notes	13,584,903	-	13,584,903	-
Stocks and Other Equity Securities	31,441,240	31,441,240	-	-
Mutual Funds	101,769,678	101,769,678	-	-
Other Short-Term Investments	4,000,000	-	4,000,000	-
Total investments by fair value level	156,554,948	\$ 135,249,480	\$ 21,305,468	\$ -
Investments measured at the net asset value (NAV)				
Other Investments:				
Real Assets	6,546			
Surrender Value of Insurance Policy	447,371			
Private Equity	691,388			
Total Other Investments	1,145,305			
Total investments measured at the NAV or its equivalent	1,145,305			
Total investments measured at fair value	\$ 157,700,253			

Fair Value Measurement: Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets.

Other information for investments measured at the NAV or its equivalent follows:

Investments measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Assets	\$ 6,546	\$ 90,000	Not available	NA
Surrender Value of Insurance Policy	447,371	-	Not available	NA
Private Equity	691,388	130,850	Not available	NA
Total investments measured at the NAV	\$ 1,145,305	\$ 220,850		

Real Assets: This investment is in a partnership that invests in a diversified portfolio of private equity and real assets investment funds (underlying funds or private investment funds), which in turn have been established to invest in a broad range of private equity, real estate, energy, and other hard asset-oriented investments.

Private Equity: The investment within this segment invests in private equity funds in the venture capital, buyout, and capital restructuring sectors.

The Foundation's investment policy allows for investments in equity securities traded on the principal United States Stock Exchanges (NYSE and NASDAQ), and the Foundation only purchases equity securities of companies with a market capitalization of at least \$1 billion. For fixed income instruments, the Foundation's policy allows investments in bonds issued by the United States Government, an agency of the United States Government, public traded corporations or their affiliates, taxable municipal bonds, preferred stocks, and real estate investment trusts.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial risk relates to investments that are held by someone other than the component unit and not registered in their names. The Foundation utilizes the services of an investment advisor and several investment managers. All investments are uninsured and unregistered with securities held by the counterparty's trust department or agent in the Foundation's name. The Foundation's mutual fund investments totaling \$101,769,678 at June 30, 2024, are not exposed to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form. There were no losses during the period due to default by counterparties to investment transactions.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy does not limit debt obligation maturities. The Foundation's investments in debt securities at June 30, 2024, are reported at fair value as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
Obligations of United States Government Agencies and Instrumentalities	\$ 3,720,565	\$ 1,086,649	\$ 1,750,290	\$ 883,626	\$ -
Bonds, Notes, and Other Debt Securities	15,623,465	1,750,451	8,460,882	5,344,624	67,508
Total	\$ 19,344,030	\$ 2,837,100	\$ 10,211,172	\$ 6,228,250	\$ 67,508

Credit Risk: Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The Foundation does not have a formal investment policy with respect to credit risk.

At June 30, 2024, the Foundation's investments in debt securities were rated as follows:

<u>Rating</u>	<u>Number</u>	<u>Fair Value</u>	<u>Holdings</u>
AAA	27	\$ 4,421,020	22.85%
AA	54	7,319,455	37.84%
A	50	6,816,958	35.24%
BBB	4	786,597	4.07%
		<u>\$ 19,344,030</u>	

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the component unit's investment in a single issuer. The Foundation's investment policy requires a maximum equity holding of 5 percent in any single company as a percentage at cost of the total equity portfolio, a maximum equity holding of 15 percent in a single non-U.S. country as a percentage at market value of total equity portfolio, and a maximum fixed income of 5 percent holdings in a single corporate issuer (excluding U.S. government and agencies) as a percentage at cost of total fixed income portfolio.

Other Information: For management control, investments are pooled. Gains, losses, and investment income from the pool are allocated quarterly to the funds that participate in the pool based upon each fund's average quarterly balance.

The Endowment Fund account balances (including cash balances) subject to the administrative fee are comprised as follows at June 30, 2024:

Eminent Scholars Program	\$ 16,757,568
Major Gifts Program	51,090,411
Other Endowment	<u>70,950,628</u>
	<u>\$ 138,798,607</u>

4. 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, 2024, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 7,321,278
Student Tuition and Fees	4,004,511
Other	<u>838,238</u>
Total Accounts Receivable	<u>\$ 12,164,027</u>

Loans Receivable. Loans receivable consist of short-term loans made to students pending the receipt of student financial aid, Prepping Institutions, Programs, Employers and Learners through Incentives for Nursing Education Program loans, and employee assistance loans.

Allowance for Doubtful Receivables. Allowances for doubtful accounts and loans 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 receivable are reported net of allowances of \$1,400,179 and \$1,090, respectively, at June 30, 2024.

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

5. Due From State

The amount due from State consists of \$63,578,576 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 51,753,037	\$ 2,350,000	\$ -	\$ 54,103,037
Works of Art and Historical Treasures	2,183,491	-	-	2,183,491
Construction in Progress	4,731,440	13,816,602	2,246,004	16,302,038
Total Nondepreciable Capital Assets	\$ 58,667,968	\$ 16,166,602	\$ 2,246,004	\$ 72,588,566
Depreciable Capital Assets:				
Buildings	\$ 628,091,302	\$ 3,162,196	\$ -	\$ 631,253,498
Infrastructure and Other Improvements	49,652,289	210,059	-	49,862,348
Furniture and Equipment	74,538,791	5,861,947	1,503,649	78,897,089
Library Resources	14,357,268	170,632	-	14,527,900
Works of Art and Historical Treasures	798,465	-	6,000	792,465
Computer Software and Other Capital Assets	1,612,812	-	23,700	1,589,112
Amortization Capital Assets:				
Right-to-Use Leases	391,527	3,142	-	394,669
Subscription-Based Information Technology Arrangements	5,604,938	-	-	5,604,938
Total Depreciable Capital Assets	775,047,392	9,407,976	1,533,349	782,922,019
Less, Accumulated Depreciation:				
Buildings	166,823,853	12,957,819	-	179,781,672
Infrastructure and Other Improvements	23,111,247	1,862,486	-	24,973,733
Furniture and Equipment	50,160,284	5,348,469	1,363,636	54,145,117
Library Resources	12,459,753	410,081	-	12,869,834
Works of Art and Historical Treasures	398,190	39,805	2,325	435,670
Computer Software and Other Capital Assets	1,566,784	30,535	23,700	1,573,619
Less, Accumulated Amortization:				
Right-to-Use Leases	146,669	78,639	-	225,308
Subscription-Based Information Technology Arrangements	155,693	934,156	-	1,089,849
Total Accumulated Depreciation	254,822,473	21,661,990	1,389,661	275,094,802
Total Depreciable Capital Assets, Net	\$ 520,224,919	\$ (12,254,014)	\$ 143,688	\$ 507,827,217

7. Unearned Revenue

Unearned revenue at June 30, 2024, consists of grants, contracts, and auxiliaries received prior to fiscal year-end related to subsequent accounting periods.

8. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2024, include bonds payable, loans payable, right-to-use leases payable, SBITA liability, compensated absences payable, due to component unit, other postemployment benefits payable, net pension liability, and revenue received in advance. Long-term liabilities activity for the fiscal year ended June 30, 2024, is shown in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 143,843,128	\$ -	\$ 7,222,328	\$ 136,620,800	\$ 6,620,000
Loans Payable	7,700,000	-	500,000	7,200,000	500,000
Right-to-Use Leases Payable	228,747	3,142	90,255	141,634	82,900
Subscription Arrangements Liability	4,761,327	-	877,912	3,883,415	913,607
Compensated Absences Payable	15,275,905	2,919,773	1,684,473	16,511,205	1,682,040
Due to Component Unit	-	495,793	-	495,793	-
Other Postemployment					
Benefits Payable	66,604,227	75,147,296	70,208,597	71,542,926	1,861,127
Net Pension Liability	74,816,631	45,117,842	30,995,194	88,939,279	-
Revenue Received in Advance	1,951,472	-	143,667	1,807,805	143,667
Total Long-Term Liabilities	\$ 315,181,437	\$ 123,683,846	\$ 111,722,426	\$ 327,142,857	\$ 11,803,341

Capital Improvement Revenue Bonds Payable. Capital Improvement Revenue Bonds were issued to construct University facilities, including parking garages and student housing facilities. Capital Improvement Revenue Bonds outstanding, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees, and an assessed transportation fee based on credit hours.

In prior years, the Corporation issued Capital Improvement Revenue Bonds, Series 2003, 2005A, 2007A, 2008A, 2010A, 2010B, 2011A, and 2013A to construct or purchase student housing facilities, and 2005B, 2007C, and 2009A to construct student parking garages.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

On July 1, 2013, the Corporation entered into loan agreements authorizing the refunding of Capital Improvement Revenue Bonds, Series 2005A (Student Residences Phase VII) and Capital Improvement Revenue Bonds, Series 2005B (Student Parking Phase I) which resulted in defeasance of the variable rate capital improvement revenue bond debt and securing fixed rate loans. Accordingly, the Capital Improvement Revenue Bonds, Series 2005A and 2005B are no longer reported as a bond payable on the face of the statement of net position for the reporting period ended June 30, 2024, and the new fixed rate tax exempt loan is reported as loans payable.

On November 29, 2017, the Financing Corporation issued \$47,500,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2017A, with an original issue premium of \$6,456,991, and interest rates ranging from 3.375 percent to 5 percent. The proceeds of the sale of the Series 2017A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2003 principal totaling \$33,870,000, and Series 2007A principal totaling \$20,200,000, and related issuance costs. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$11,614,278 over the next 20 years and obtained an economic gain of \$7,670,123.

On November 29, 2017, the Financing Corporation issued \$7,850,000 of Capital Improvement Refunding Parking Revenue Bonds, Series 2017B, with an original issue premium of \$398,563, and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2017B Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2007C principal totaling \$8,060,000, and related issuance costs. As a result of the refunding, the University reduced its capital

improvement debt service requirement by \$995,611 over the next 20 years and obtained an economic gain of \$765,040.

On December 5, 2019, the Financing Corporation issued \$32,575,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2019A, with an original issue premium of \$5,125,443, and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2019A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2010A principal totaling \$26,590,000 and 2010B principal totaling \$14,100,000, and related issuance costs. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$11,263,635 over the next 20 years and obtained an economic gain of \$8,678,824. As part of the refunding, the debt service reserves were liquidated towards the payment of Series 2010A and 2010B principal.

On December 17, 2020, the Financing Corporation issued \$19,800,000 of Capital Improvement Refunding Housing Revenue Bonds, Series 2020A, with an original issue premium of \$3,882,566 and interest rates ranging from 3 percent to 5 percent. The proceeds of the sale of the Series 2020A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2011A principal totaling \$25,600,000. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$10,237,991 over the next 20 years and obtained an economic gain of \$8,474,400. As part of the refunding, the debt service reserve was liquidated towards the payment of Series 2011A principal.

On November 3, 2022, the Financing Corporation issued \$21,535,000 of Capital Improvement Refunding Revenue Bonds, Series 2022A, with an original issue premium of \$1,704,935 with an interest rate of 5 percent. The proceeds of the sale of the Series 2022A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2013A principal totaling \$24,885,000. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$2,463,477 over the next 20 years and obtained an economic gain of \$1,774,306. As part of the refunding, the debt service reserve was liquidated towards the payment of Series 2013A principal.

The University has entered into a Master Ground and Operating Lease Agreement with the Corporation. The University leases land to the Corporation for a rental fee of \$1 per year. The land covered by the ground lease together with the improvements thereon is leased back to the University to manage and operate. The master lease will terminate on the date on which the revenue bonds and any related obligations are paid in full. Revenue from the student residence facilities and parking facilities is pledged to pay rent to the Corporation or its assignees equal to the debt service on the revenue bonds. During the 2023-24 fiscal year, parking facilities rental and fee income, and student residence rental income totaled \$3,954,109 and \$29,639,338, respectively.

The University had the following capital improvement debt payable outstanding at June 30, 2024:

Capital Improvement Revenue Bonds Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Capital Improvement Revenue Bonds:				
2008A Student Residences (Phase IX)	\$ 22,000,000	\$ 12,825,000	3.90 (2)	2038
2009A Student Parking (Phase III)	8,000,000	5,060,000	3.90 (2)	2039
2017A Student Housing Project	47,500,000	38,964,749	3.38 to 5.00	2036
2017B Student Housing Project	7,850,000	6,021,665	3.25 to 5.00	2037
2019A Student Housing Project	32,575,000	31,159,570	3.00 to 5.00	2039
2020A Student Housing Project	19,800,000	20,954,368	3.00 to 5.00	2040
2022A Student Housing Project	21,535,000	21,635,448	5.00	2042
Total Capital Improvement Revenue Bonds	\$ 159,260,000	\$ 136,620,800		

(1) Amount outstanding includes unamortized discounts and premiums.

(2) Variable interest rate at June 30, 2024.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 6,620,000	\$ 5,776,707	\$ 12,396,707
2026	6,945,000	5,436,440	12,381,440
2027	7,280,000	5,079,461	12,359,461
2028	7,620,000	4,705,394	12,325,394
2029	7,980,000	4,313,751	12,293,751
2030-2034	45,955,000	15,158,619	61,113,619
2035-2039	35,055,000	5,386,825	40,441,825
2040-2042	6,005,000	503,600	6,508,600
Subtotal	123,460,000	46,360,797	169,820,797
Net Discounts and Premiums	13,160,800	-	13,160,800
Total	\$ 136,620,800	\$ 46,360,797	\$ 182,981,597

Loans Payable. On July 1, 2013, the Financing Corporation entered into a Loan Agreement (2005A), dated July 1, 2013, in the amount of \$6,800,000, and a Loan Agreement (2005B), dated July 1, 2013, in the amount of \$5,100,000, collectively hereafter referred to as the Loan, authorizing the refunding of Capital Improvement Revenue Bonds, Series 2005A (Student Residence Phase VII), and Capital Improvement Revenue Bonds, Series 2005B (Student Parking Phase I), which resulted in defeasance of the variable rate capital improvement revenue bond debt and securing fixed rate tax—exempt loans. The proceeds from the fixed rate tax-exempt loans were used to refund the outstanding principal debt of Capital Improvement Revenue Bonds, Series 2005A, in the par amount of \$6,800,000, and Capital Improvement Revenue Bonds, Series 2005B, in the par amount of \$5,100,000. Accordingly the Capital Improvement Revenue Bonds, Series 2005A, and Series 2005B, are no longer reported as a bond payable on the face of the statement of net position for the reporting period ended June 30, 2018, and the new fixed rate tax-exempt loan is reported as loans payable. The maturity dates or principal payment schedules were not modified, and there was no economic gain or loss from the advanced refunding of the bond debt.

Annual requirements to amortize the outstanding loans as of June 30, 2024, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 500,000	\$ 228,394	\$ 728,394
2026	500,000	212,533	712,533
2027	600,000	196,673	796,673
2028	600,000	177,640	777,640
2029	700,000	158,607	858,607
2030 - 2034	3,500,000	459,960	3,959,960
2035 - 2038	800,000	25,377	825,377
Total	\$ 7,200,000	\$ 1,459,184	\$ 8,659,184

Right-to Use Leases Payable. The University leases equipment and space from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2027 and provide for renewal options ranging from 1 to 5 years. In accordance with GASB Statement No 87, *Leases*, the University records assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the interest rate provided by the current master finance agreement for equipment purchases for the State of Florida. Refer to Note 6. Capital Assets for information relating to assets and associated amortization. Future minimum lease payments and the present value of the minimum payments as of June 30, 2024, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 82,900	\$ 8,724	\$ 91,624
2026	40,190	3,757	43,947
2027	18,544	454	18,998
Total Minimum Lease Payments	\$ 141,634	\$ 12,935	\$ 154,569

Subscription Arrangement Liability. The University has a 6-year subscription-based information technology arrangement (SBITA) for the right to use the Workday Tenant totaling \$5,604,938. The University has discounted the future minimum payments using its incremental borrowing rate of 4.07 percent. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2024, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 913,607	\$ 157,900	\$ 1,071,507
2026	950,755	120,752	1,071,507
2027	989,412	82,095	1,071,507
2028	1,029,641	41,865	1,071,506
Total	\$ 3,883,415	\$ 402,612	\$ 4,286,027

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, 2024, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$16,511,205. The current portion of the compensated absences liability, \$1,682,040, 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 meets 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 \$71,542,926 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. At June 30, 2023, the

University’s proportionate share, determined by its proportion of total benefit payments made, was 0.85 percent, which was no change from the proportionate share reported as of June 30, 2022.

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	2.40 percent
Salary increases	Varies by FRS Class
Discount rate	4.13 percent
Healthcare cost trend rates	
PPO	8.10 percent for 2024, decreasing to an ultimate rate of 4.04 percent for 2076 and later years
HMO	6.44 percent for 2024, decreasing to an ultimate rate of 4.04 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 Standard & Poor’s Municipal Bond 20-Year High Grade Rate Index. Mortality rates were based on the PUB-2010 mortality table with fully generational mortality improvement using Scale MP-2018.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period, July 1, 2019, through June 30, 2020, adopted by the FRS.

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 July 1, 2022, valuation were based on a review of recent plan experience done concurrently with the July 1, 2022, valuation.

The following changes have been made since the prior valuation:

- **Disability Rates** – For those in the Special Risk Class, disability rates were updated to those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2022.
- **DROP Election Percentage and DROP Participation Period** – For Law Enforcement Officers, the percentage of members assumed to elect to participate in the Deferred Retirement Option Program (DROP) was updated to align with rates used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2022. Further, Law Enforcement Officers’ maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years).
- **Inflation** – Inflation was lowered to match the 2.4 percent used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2022.
- **Discount Rate** – The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate increased from 4.09 percent to 4.13 percent.

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 (3.13 percent) or 1 percentage point higher (5.13 percent) than the current rate:

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
University's proportionate share of the total OPEB liability	\$89,004,166	\$71,542,926	\$59,585,905

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$57,574,547	\$71,542,926	\$92,422,547

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

For the fiscal year ended June 30, 2024, the University recognized OPEB expense of \$915,391. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,918,093
Change of assumptions or other inputs	6,475,946	34,098,853
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	16,961,215	4,202,797
Transactions subsequent to the measurement date	1,902,297	-
Total	<u>\$ 25,339,458</u>	<u>\$ 44,219,743</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,902,297 resulting from transactions 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 fiscal year ending

June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ (4,551,331)
2026	(2,912,931)
2027	(1,806,250)
2028	(3,849,972)
2029	(3,849,972)
Thereafter	(3,812,126)
Total	\$ (20,782,582)

Net Pension Liability. As a participating employer in the Florida Retirement System (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, 2024, the University's proportionate share of the net pension liabilities totaled \$88,939,279. Note 9. includes a complete discussion of defined benefit pension plans.

Revenue Received in Advance. Long-term revenue received in advance represents funds received but not yet earned under the terms and conditions of auxiliary services contracts. Total long-term revenue received in advance at June 30, 2024, amounted to \$1,807,805, with \$143,667 expected to be earned during the 2023-24 fiscal year.

9. 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. An annual comprehensive 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 \$23,675,551 for the fiscal year ended June 30, 2024.

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* – 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 96 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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
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	
Service on and after Oct. 1, 1974	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 2023-24 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.57
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.67
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 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 \$8,827,518 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of \$64,001,189 for

its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.160617998 percent, which was an increase of 0.000249624 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the University recognized pension expense of \$13,890,579. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,009,159	\$ -
Change of assumptions	4,172,128	-
Net difference between projected and actual earnings on FRS Plan investments	2,672,863	-
Changes in proportion and differences between University contributions and proportionate share of contributions	2,662,145	1,521,576
University FRS contributions subsequent to the measurement date	8,827,518	-
Total	\$ 24,343,813	\$ 1,521,576

The deferred outflows of resources totaling \$8,827,518, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ 2,269,708
2026	(322,058)
2027	10,540,445
2028	1,216,729
2029	289,895
Total	\$ 13,994,719

Actuarial Assumptions. The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate (Property)	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.4%

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.70 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 2023 valuation was unchanged from the previous valuation.

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 6.70 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 (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
University's proportionate share of the net pension liability	\$109,327,063	\$64,001,189	\$26,080,672

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2024, the University reported a payable of \$554,202 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2024.

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, and may be amended by the Florida Legislature at any time. 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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2024, the contribution rate was 2 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 \$1,410,867 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported a liability of \$24,938,090 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to determine the net pension liability as of July 1, 2023. The University's proportionate share of the net pension liability was based on the University's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the University's proportionate share was 0.157027678 percent, which was an increase of 0.014020792 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the University recognized pension expense of \$9,784,972. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 655,616	\$ 2,160,971
Difference between expected and actual experience	365,077	58,533
Net difference between projected and actual earnings on HIS Plan investments	12,878	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	2,482,588	638,595
University HIS contributions subsequent to the measurement date	1,410,867	-
Total	\$ 4,927,026	\$ 2,858,099

The deferred outflows of resources totaling \$1,410,867, 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2025	\$ 172,280
2026	267,220
2027	171,085
2028	(87,169)
2029	75,859
Thereafter	58,785
Total	\$ 658,060

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.65 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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 3.65 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 changed from 3.54 percent to 3.65 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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
University's proportionate share of the net pension liability	\$28,450,468	\$24,938,090	\$22,026,564

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan. At June 30, 2024, the University reported a payable of \$99,674 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2024.

10. 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 Annual Comprehensive 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 2023-24 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Senior Management Service	12.67
FRS, Special Risk Regular	19.00

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, 2024, 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 \$3,423,163 for the fiscal year ended June 30, 2024.

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, 4.78 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.93 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 \$5,802,266, and employee contributions totaled \$2,943,730 for the 2023-24 fiscal year.

11. Construction Commitments

The University's construction commitments at June 30, 2024, were as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Cohen Student Union Remodel/Renovation	\$ 7,979,660	\$ 2,253,685	\$ 5,725,975
Deferred Maintenance	5,050,421	3,774,674	1,275,747
SoVi Boardwalk	4,500,000	3,446,174	1,053,826
Buckingham - PGM Golf Facility	3,000,000	211,113	2,788,887
Workday Student Deployment	2,982,555	512,985	2,469,570
Monument Signage	1,406,000	180,239	1,225,761
SoVi & WLV Housing Network Upgrade	1,100,000	1,073,878	26,122
Campus Wide Signage Renovation	1,000,000	715,197	284,803
Subtotal	27,018,636	12,167,945	14,850,691
Project Balances Under \$1 Million	7,797,484	4,134,093	3,663,391
Total	\$ 34,816,120	\$ 16,302,038	\$ 18,514,082

12. 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 2023-24 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 \$40.2 million for flood and \$38.6 million for named windstorm through February 14, 2024, and increased to \$62.5 million for named windstorm and flood starting February 15, 2024. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$184.8 million through February 14, 2024, and increased to \$237.5 million starting February 15, 2024; 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.

13. 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:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 104,540,443
Research	11,055,500
Public Services	18,208,921
Academic Support	26,303,935
Student Services	20,763,913
Institutional Support	48,374,579
Operation and Maintenance of Plant	15,282,266
Scholarships, Fellowships, and Waivers	35,959,903
Depreciation	21,661,990
Auxiliary Enterprises	47,070,838
Total Operating Expenses	<u><u>\$ 349,222,288</u></u>

14. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 Facility	Parking Facility
Assets		
Current Assets	\$ 28,653,496	\$ 8,050,462
Capital Assets, Net	146,415,945	17,102,551
Other Noncurrent Assets	1,525,125	1,385,992
Total Assets	176,594,566	26,539,005
Deferred Outflows of Resources	1,395,366	177,989
Liabilities		
Current Liabilities	10,250,632	969,891
Noncurrent Liabilities	127,197,074	13,576,128
Total Liabilities	137,447,706	14,546,019
Deferred Inflows of Resources	1,651,001	94,766
Net Position		
Net Investment in Capital Assets	16,636,800	1,537,940
Restricted - Expendable	1,526,649	1,385,996
Unrestricted	20,727,776	9,152,273
Total Net Position	\$ 38,891,225	\$ 12,076,209

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

	Housing Facility	Parking Facility
Operating Revenues	\$ 29,639,338	\$ 3,954,109
Depreciation Expense	(4,172,986)	(503,902)
Other Operating Expenses	(17,038,736)	(1,924,997)
Operating Income	8,427,616	1,525,210
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	1,399,784	455,913
Other Nonoperating Expense	(11,362,800)	(2,205,432)
Net Nonoperating Expenses	(9,963,016)	(1,749,519)
Decrease in Net Position	(1,535,400)	(224,309)
Net Position, Beginning of Year	40,426,625	12,300,518
Net Position, End of Year	\$ 38,891,225	\$ 12,076,209

Condensed Statement of Cash Flows

	<u>Housing Facility</u>	<u>Parking Facility</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 10,133,900	\$ 2,125,291
Noncapital Financing Activities	(8,874,403)	(2,361,334)
Capital and Related Financing Activities	(6,032,439)	(770,000)
Investing Activities	4,714,462	1,084,485
Net Increase (Decrease) in Cash and Cash Equivalents	(58,480)	78,442
Cash and Cash Equivalents, Beginning of Year	235,597	396,293
Cash and Cash Equivalents, End of Year	<u>\$ 177,117</u>	<u>\$ 474,735</u>

15. Blended Component Unit

The University has one blended component unit as discussed in Note 1. The following financial information is presented net of eliminations for the University's blended component unit:

Condensed Statement of Net Position

	<u>FGCU Financing Corporation</u>	<u>University</u>	<u>Eliminations</u>	<u>Total Primary Government</u>
Assets:				
Current Assets	\$ 36,315,025	\$ 210,319,870	\$ (1,472,077)	\$ 245,162,818
Capital Assets, Net	-	575,731,333	-	575,731,333
Other Noncurrent Assets	148,254,873	7,463,102	(145,343,756)	10,374,219
Total Assets	184,569,898	793,514,305	(146,815,833)	831,268,370
Deferred Outflows of Resources	11,441	54,755,160	-	54,766,601
Liabilities:				
Current Liabilities	10,789,557	22,248,660	(1,472,077)	31,566,140
Noncurrent Liabilities	136,700,800	323,982,472	(145,343,756)	315,339,516
Total Liabilities	147,490,357	346,231,132	(146,815,833)	346,905,656
Deferred Inflows of Resources	497,027	48,581,945	-	49,078,972
Net Position:				
Net Investment in Capital Assets	-	431,368,060	-	431,368,060
Restricted - Expendable	2,912,645	72,896,590	-	75,809,235
Unrestricted	33,681,310	(50,808,262)	-	(17,126,952)
Total Net Position	<u>\$ 36,593,955</u>	<u>\$ 453,456,388</u>	<u>\$ -</u>	<u>\$ 490,050,343</u>

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

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Operating Revenues	\$ 17,369,330	\$ 137,851,092	\$ -	\$ 155,220,422
Depreciation Expense	-	(21,661,990)	-	(21,661,990)
Other Operating Expenses	(13,023,607)	(308,929,675)	(5,607,016)	(327,560,298)
Operating Income (Loss)	4,345,723	(192,740,573)	(5,607,016)	(194,001,866)
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	1,855,697	219,078,311	-	220,934,008
Interest Expense	-	(212,195)	(5,053,252)	(5,265,447)
Other Nonoperating Revenue (Expense)	(10,657,707)	12,515	10,660,268	15,076
Net Nonoperating Revenues (Expenses)	(8,802,010)	218,878,631	5,607,016	215,683,637
Other Revenues	-	63,776,571	-	63,776,571
Increase (Decrease) in Net Position	(4,456,287)	89,914,629	-	85,458,342
Net Position, Beginning of Year	41,050,242	363,541,759	-	404,592,001
Net Position, End of Year	\$ 36,593,955	\$ 453,456,388	\$ -	\$ 490,050,343

Condensed Statement of Cash Flows

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	\$ 10,984,362	\$ (163,457,617)	\$ (11,248,020)	\$ (163,721,275)
Noncapital Financing Activities	(10,030,544)	203,069,735	17,369,330	210,408,521
Capital and Related Financing Activities	(6,802,439)	(12,841,849)	(6,121,310)	(25,765,598)
Investing Activities	5,821,996	(26,299,356)	-	(20,477,360)
Net Increase (Decrease) in Cash and Cash Equivalents	(26,625)	470,913	-	444,288
Cash and Cash Equivalents, Beginning of Year	714,325	1,421,360	-	2,135,685
Cash and Cash Equivalents, End of Year	\$ 687,700	\$ 1,892,273	\$ -	\$ 2,579,973

16. Related Party Transactions

University and Blended Component Unit

As part of a Master Ground and Operating Lease Agreement discussed in Note 8, the University operates and pays all operating costs of the facilities leased from the Corporation from the gross rental income from the respective student residences and parking facilities. The net rental income is then paid to the Corporation by the University in arrears based on collections. The University provides office space and related occupancy costs, such as utilities and use of other office machines as well as accounting and record keeping services at no cost to the Corporation.

Discretely Presented Component Unit

The Foundation maintains a portion of its investments with a financial institution of which a Foundation board member was an officer during the fiscal year ended June 30, 2024. The Foundation investments managed by the financial institution at June 30, 2024, totaled \$11,544.

The Foundation maintains a portion of its fixed income investments with an investment firm of which a Foundation board member was an officer during the fiscal year ended June 30, 2024. The Foundation investments managed by the investment firm at June 30, 2024, totaled \$14,370,283.

On June 28, 2024, the Foundation transferred the Vester Marine Science and Environmental Educational Center property, with a book value of \$3,887,500, to the University. At the same time the Foundation and the University entered into an agreement where the University will reimburse the Foundation at \$32,000 per month for the balance of the initial purchase of the property and 50 percent of the property's net restoration costs due to the damages from Hurricane Ian. At June 30, 2024, the total amount due to the Foundation from the University was \$879,793.

17. Current Unrestricted Funds

The Southern Association of Colleges and Schools, which establishes the accreditation requirements for institutions of higher education, requires a disclosure of the financial position of unrestricted net position, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net position. To meet this requirement, statements of net position and revenues, expenses, and changes in net position for the current unrestricted funds are presented as follows:

Statement of Current Unrestricted Funds Net Position

Assets

Current Assets:

Cash, Cash Equivalents and Investments	\$ 163,229,192
Receivables, Net	4,551,608
Loans and Notes Receivable	421,871
Other Current Assets	5,000

Total Current Assets 168,207,671

Noncurrent Assets:

Prepaid Charges	277,962

Total Assets 168,485,633

Deferred Outflows of Resources:

Deferred Outflows	54,610,297

Total Assets and Deferred Outflows 223,095,930

Liabilities

Current Liabilities:

Accounts Payable	7,853,161
Construction Contracts Payable	513,958
Accrued Salaries and Wages	2,658,999
Deposits Payable	1,796,131
Compensated Absences Payable - Current	1,682,040
Other Postemployment Benefits Payable - Current	1,861,127
Revenues Received in Advance - Current	143,667

Total Current Liabilities 16,509,083

Noncurrent Liabilities:

Compensated Absences Payable	14,829,165
Other Postemployment Benefits Payable	69,681,799
Revenues Received in Advance	1,664,138
Pension Liability	88,939,279

Total Liabilities 191,623,464

Deferred Inflows of Resources:

Deferred Inflows	48,599,418

Total Liabilities and Deferred Inflows 240,222,882

Total Net Position \$ (17,126,952)

**Statement of Current Unrestricted Funds Revenues,
Expenses, and Changes in Net Position**

Revenues

Operating Revenues:

Student Tuition and Fees, Net of Scholarship Allowances of \$51,381,184	\$ 75,388,121
Nongovernmental Grants and Contracts	1,093,266
Sales and Services of Auxiliary Enterprises (\$139,152 Pledged for Parking Facility Capital Improvement Debt, \$29,639,338 Pledged for Housing Facility Capital Improvement Debt)	39,989,386
Other Operating Revenues	264,386

Total Operating Revenues	116,735,159

Expenses

Operating Expenses:

Compensation and Employee Benefits	194,655,291
Services and Supplies	55,258,188
Utilities and Communications	8,678,318
Scholarships and Fellowships	1,207,808

Total Operating Expenses	259,799,605

Operating Loss	(143,064,446)

Nonoperating Revenues

State Noncapital Appropriations	153,136,878
Investment Income	9,207,775
Other Nonoperating Revenues	4,699,253

Nonoperating Revenues	167,043,906

Income Before Transfers	23,979,460

Transfers to Other Funds	(5,822,680)

Increase in Net Position	18,156,780

Net Position, Beginning of Year	(35,283,732)

Net Position, End of Year	\$ (17,126,952)

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
University's proportion of the total other postemployment benefits liability	0.85%	0.85%	0.89%	0.86%
University's proportionate share of the total other postemployment benefits liability	\$ 71,542,926	\$ 66,604,227	\$ 93,742,926	\$ 88,042,902
University's covered-employee payroll	\$ 130,044,105	\$ 124,031,674	\$ 113,116,824	\$ 112,595,103
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	55.01%	53.70%	82.87%	78.19%

(1) The amounts presented for each fiscal year were determined as of June 30.

2019 (1)	2018 (1)	2017 (1)
0.71%	0.60%	0.60%
\$ 89,432,262	\$ 63,309,000	\$ 65,178,000
\$ 109,150,814	\$ 92,402,906	\$ 91,940,732
81.93%	68.51%	70.89%

**Schedule of the University's Proportionate Share of the Net Pension Liability –
Florida Retirement System Pension Plan**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
University's proportion of the FRS net pension liability	0.160617998%	0.160368374%	0.152159443%	0.162436585%
University's proportionate share of the FRS net pension liability	\$ 64,001,189	\$ 59,669,918	\$ 11,493,917	\$ 70,402,410
University's covered payroll (2)	\$ 120,310,269	\$ 110,354,107	\$ 106,943,625	\$ 108,458,679
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	53.20%	54.07%	10.75%	64.91%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%

(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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
Contractually required FRS contribution	\$ 8,827,518	\$ 7,726,759	\$ 6,843,210	\$ 5,796,617
FRS contributions in relation to the contractually required contribution	<u>(8,827,518)</u>	<u>(7,726,759)</u>	<u>(6,843,210)</u>	<u>(5,796,617)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 126,119,411	\$ 120,310,269	\$ 110,354,107	\$ 106,943,625
FRS contributions as a percentage of covered payroll	7.00%	6.42%	6.20%	5.42%

(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.

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
0.150085159%	0.147498178%	0.143582601%	0.138242676%	0.134955671%	0.120557144%
\$ 51,687,239	\$ 44,427,216	\$ 42,470,770	\$ 34,906,384	\$ 17,431,335	\$ 7,355,759
\$ 96,205,524	\$ 90,853,899	\$ 87,654,579	\$ 83,326,076	\$ 78,759,256	\$ 71,749,253
53.73%	48.90%	48.45%	41.89%	22.13%	10.25%
82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
\$ 5,397,048	\$ 4,653,723	\$ 4,203,580	\$ 3,737,809	\$ 3,371,268	\$ 3,290,334
<u>(5,397,048)</u>	<u>(4,653,723)</u>	<u>(4,203,580)</u>	<u>(3,737,809)</u>	<u>(3,371,268)</u>	<u>(3,290,334)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 108,458,679	\$ 96,205,524	\$ 90,853,899	\$ 87,654,579	\$ 83,326,076	\$ 78,759,256
4.98%	4.84%	4.63%	4.26%	4.05%	4.18%

**Schedule of the University's Proportionate Share of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
University's proportion of the HIS net pension liability	0.157027678%	0.143006886%	0.137272050%	0.147562186%
University's proportionate share of the HIS net pension liability	\$ 24,938,090	\$ 15,146,713	\$ 16,838,483	\$ 18,017,103
University's covered payroll (2)	\$ 57,928,678	\$ 50,165,861	\$ 47,631,531	\$ 50,476,122
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	43.05%	30.19%	35.35%	35.69%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%

(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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
Contractually required HIS contribution	\$ 1,410,867	\$ 1,032,956	\$ 865,312	\$ 806,886
HIS contributions in relation to the contractually required HIS contribution	<u>(1,410,867)</u>	<u>(1,032,956)</u>	<u>(865,312)</u>	<u>(806,886)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 67,689,226	\$ 57,928,678	\$ 50,165,861	\$ 47,631,531
HIS contributions as a percentage of covered payroll	2.08%	1.78%	1.72%	1.69%

(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.

<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
0.134081886%	0.132522781%	0.134383174%	0.131611257%	0.126328980%	0.116328119%
\$ 15,002,421	\$ 14,026,360	\$ 14,368,869	\$ 15,338,747	\$ 12,883,569	\$ 10,876,963
\$ 44,358,148	\$ 42,242,715	\$ 42,170,740	\$ 39,725,141	\$ 37,462,263	\$ 34,108,299
33.82%	33.20%	34.07%	38.61%	34.39%	31.89%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
\$ 850,332	\$ 744,544	\$ 718,674	\$ 711,195	\$ 674,592	\$ 482,908
<u>(850,332)</u>	<u>(744,544)</u>	<u>(718,674)</u>	<u>(711,195)</u>	<u>(672,592)</u>	<u>(482,908)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 50,476,122	\$ 44,358,148	\$ 42,242,715	\$ 42,170,740	\$ 39,725,141	\$ 37,462,263
1.68%	1.68%	1.70%	1.69%	1.70%	1.29%

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

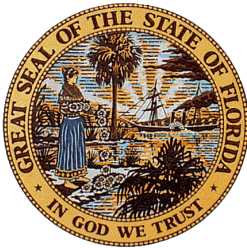
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. The long-term expected rate of return, using the Municipal Bond Index Rate, increased from 4.09 percent at the prior measurement date to 4.13 percent at the current measurement date. Refer to Note 8. in the notes to financial statements for further details. Also reflected as assumption changes are:

- Increased line-of-duty disability rates for the Special Risk Class,
- Updated DROP entry rates and an extended DROP period (from 5 years to 8 years) for Law Enforcement Officers, and
- Lowered inflation from 2.6 percent to 2.4 percent.

2. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. In 2023, the municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent. In addition, the level of monthly benefits increased from \$5 times years of service to \$7.50 times years of service, with an increased minimum of \$45 and maximum of \$225.



Sherrill F. Norman, CPA
Auditor General

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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 (*Government Auditing Standards*), the financial statements of the Florida Gulf Coast University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 10, 2025, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and 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.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
January 10, 2025

**FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**YEAR ENDED
JUNE 30, 2025**

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HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

Opinion

We have audited the accompanying basic financial statements of Florida Gulf Coast University Financing Corporation (the "Financing Corporation") (a Florida not-for-profit corporation) a direct support organization and component unit of Florida Gulf Coast University (the "College"), as of June 30, 2025, and for the year then ended, as listed in the Table of Contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net position of Florida Gulf Coast University Financing Corporation as of June 30, 2025, and the changes in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida Gulf Coast University Financing Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Financing Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INTEGRITY SERVICE EXPERIENCE

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Financing Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Financing Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information - management's discussion and analysis on pages 4-11 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

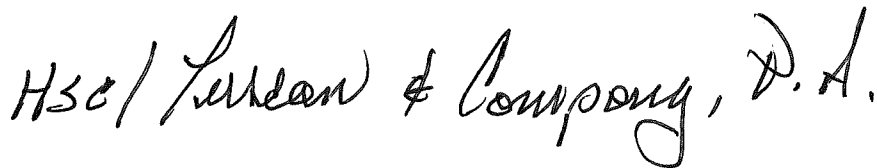
have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency 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 Information

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 2025, on our consideration of Florida Gulf Coast University Financing Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is 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 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 Florida Gulf Coast University Financing Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "HSC/Tuscan & Company, P.A." The signature is written in a cursive, flowing style.

HSC/TUSCAN & COMPANY, PA
Fort Myers, Florida
August 25, 2025

FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2025

Overview of the Financial Statements and Financial Analysis

This section of the Florida Gulf Coast University Financing Corporation (Financing Corporation) annual financial report presents a discussion and analysis of the financial performance of the Financing Corporation during the fiscal year ended June 30, 2025, with 2023-24 fiscal year data presented for comparative purposes. The emphasis of discussions about these statements will be on current year activities, resulting change and currently known facts. This discussion should be read in conjunction with the financial statements and related notes. Responsibility for the completeness and fairness of this information rests with the Financing Corporation's management.

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," as amended by GASB Statements No. 37 and 38. The Financing Corporation is considered a Business Type Activity (BTA) under the provision and reporting model of GASB Statements No. 34 and No. 35.

Financial Highlights

During the year ended June 30, 2025, the Financing Corporation finalized the process of extending the existing Letter of Credit for the 2008A (Housing) and 2009A (Parking) variable bonds which had a stated expiration date of August 1, 2024. As of July 12, 2024, the extension was granted until July 29, 2029.

The Financing Corporation did not issue additional Capital Improvement Bonds during the fiscal year ended June 30, 2025.

The Financing Corporation intends to issue bonds, not to exceed \$25 million, to fund the construction of employee housing facilities, which will be separate from the existing student residence facilities. As of June 30, 2025, the Financing Corporation, in collaboration with Counsel and the Division of Bond Finance, is in the process of gathering information regarding the potential bond issuance. The final proposal will be presented to the Financing Corporation Board of Directors and University Board of Trustees for approval during the fiscal year ending June 30, 2026, subject to final approval by the Board of Governors.

The Financing Corporation has no immediate plans to issue further Capital Improvement Revenue Bonds to construct additional student residence facilities, or parking garages.

The Housing System

The Housing system is managed and operated by the University's Department of Housing and Residence Life. The North Lake Village Student Residence facilities (Phase I-VII) are comprised of apartment style buildings (two or four bedrooms, single or double occupancy). Each unit contains full kitchen facilities including dishwasher, microwave oven, regular oven, full size refrigerator, and living room, lavatory and bath facilities. The South Village Student Residence (Phase VIII-X and XII) are facilities located in the southern portion of the University's student housing area. These facilities are comprised of suite style units, each containing lavatories, bath facilities, entry, and bedroom areas. The overall buildings contain kitchen and laundry facilities. The West

Lake Village Student Residence (Phase XI) facilities are located approximately one-mile northwest of Florida Gulf Coast University. These facilities are comprised of six three story apartment style buildings (three or four bedrooms, single occupancy), a single story combination administrative office and clubhouse building with a swimming pool. Each unit contains full kitchen facilities including dishwasher, microwave oven, regular oven, full size refrigerator and living room, private lavatory and bath facilities.

The Housing system consists of the following facilities:

- A 256-bed apartment style student residential facility (Phase I – opened 1998)
- A 288-bed apartment style student residential facility (Phase II – opened 2000)
- A 288-bed apartment style student residential facility (Phase III – opened 2001)
- A 288-bed apartment style student residential facility (Phase IV – opened 2002)
- A 288-bed apartment style student residential facility (Phase V – opened 2003)
- A 288-bed apartment style student residential facility (Phase VI – opened 2004)
- A 288-bed apartment style student residential facility (Phase VII – opened 2005)
- A 407-bed suite style student residential facility (Phase VIII – opened Fall 2008)
- A 407-bed suite style student residential facility (Phase IX – opened Fall 2009)
- A 417-bed suite style student residential facility (Phase X – opened Fall 2011)
- A 504-bed apartment style student residential facility (Phase XI – opened Fall 2010)
- A 534-bed suite style student residential facility (Phase XII – opened Fall 2012)
- A 535-bed suite style student residential facility (Phase XIII – opened Fall 2014)

In addition to the internal apartment arrangements, the overall Housing system has a volleyball court, three swimming pools and access to canoeing, kayaking, sailing, fishing, and water skiing on the adjacent 60 acre lake. Near the South Village Student Residences, the University opened a Recreation and Wellness Center that is available for use by students, faculty and staff.

The Parking System

The Parking facilities are managed and operated by the University's Office of Parking Services. The Parking system consists of parking facilities comprised of parking lots 1-3 and 5-7 in the University's core campus, five multi-level, covered parking garages, athletic complex parking, and student residence parking. The Parking system currently provides facilities that will accommodate approximately 9,224 vehicles. Included in the total number of parking spaces are student residence parking with 2,271 spaces, the athletic complex parking with 423 parking spaces and five parking garages (I – IV and South Village) that provide a total of 4,331 spaces. Currently, the parking facilities are comprised entirely of surface parking with the exception of the five covered parking garages. University faculty and staff must purchase a regular annual parking decal or optionally purchase a reserved annual parking space decal before the beginning of the fall term in August of each year. These decals can be purchased in full or through payroll deduction over 24 bi-weekly pay periods. Students are charged a parking fee and a transportation fee based upon number of enrolled credit hours each term.

The Parking system consists of the following facilities:

	Year Opened	Capacity	Total Parking Spaces
Parking Lot 1 (main campus)	1997	170	170
Parking Lot 2 (main campus)	1997	78	248
Parking Lot 3 (main campus)	1997	150	398
Parking Lot 5 (main campus)	1997	203	601
Student Residence Phase I	1998	262	863
Student Residence Phase II	2000	244	1,107
Parking Lot 7 (main campus)	2001	252	1,359
Student Residence Phase III	2001	222	1,581
Student Residence Phase IV	2002	204	1,785
Athletic Complex Parking	2002	423	2,208
Student Residence Phase V	2003	217	2,425
Parking Lot 6 (main campus)	2003	37	2,462
Student Residence Phase VI	2004	83	2,545
Welcome Center	2004	114	2,659
Student Residence Phase VII	2005	293	2,952
Parking Garage Phase I	2007	672	3,624
Student Residence Phase VIII	2008	280	3,904
Parking Garage Phase II	2008	987	4,891
Parking Garage Phase III	2009	782	5,673
Student Residence Phase IX	2009	6	5,679
Student Residence Phase XI	2010	454	6,133
Parking Garage B - South Village	2011	1156	7,289
Student Residence Phase X	2011	6	7,295
Parking Garage Phase IV	2012	734	8,029
Parking Lot 1A	2019	87	8,116
University Wellness Center	2020	101	8,217
Auxiliary Lots	Multiple	510	8,727
Reserved/Specific Use	Multiple	296	9,023
SoVi Modulares	Multiple	74	9,097
SoVi Parallel	Multiple	127	9,224

Overview of Financial Statements

Pursuant to GASB Statement No. 35, the Financing Corporation's financial report includes 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.

Statement of Net Position

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

Condensed Summary of Net Position
As of June 30, 2025
(in thousands of dollars)

	2025	2024	Increase (Decrease)	Change
Assets:				
Current Assets	\$ 25,768	\$ 36,315	\$ (10,547)	-29.0%
Noncurrent Assets	149,929	148,255	1,674	1.1%
Total Assets	<u>175,697</u>	<u>184,570</u>	<u>(8,873)</u>	-4.8%
Deferred Outflows	<u>11</u>	<u>11</u>	<u>-</u>	0.0%
Liabilities:				
Current Liabilities	11,511	10,789	722	6.7%
Noncurrent Liabilities	<u>128,338</u>	<u>136,701</u>	<u>(8,363)</u>	-6.1%
Total Liabilities	<u>139,849</u>	<u>147,490</u>	<u>(7,641)</u>	-5.2%
Deferred Inflows	<u>460</u>	<u>497</u>	<u>(37)</u>	-7.4%
Net Position:				
Restricted	2,914	2,913	1	0.0%
Unrestricted	<u>32,485</u>	<u>33,681</u>	<u>(1,196)</u>	-3.6%
Total Net Position	<u>\$ 35,399</u>	<u>\$ 36,594</u>	<u>\$ (1,195)</u>	-3.3%

The decrease in total assets of the Financing Corporation is \$8.9 million, or 4.8%. The decrease is mainly the result of the amortization of Investment in Direct Financing Lease from the University in the amount of \$8.0 million, a decrease in unrestricted Prime investments of \$1.7 million primarily due to special projects funded by the Financing Corporation during year ended June 30, 2025, and a reduction of \$0.2 million in cash and interest receivable primarily driven by lower interest rates and timing of investment maturities. These are offset with an increase in investments in US Securities of \$1.0 million.

Deferred outflows of \$11K is the result of a bond refunding during the 2020-21 fiscal year. Deferred outflows are amortized on a straight-line basis over the term of the related debt. Change in deferred outflows reflects the FY25 amortized amounts.

The decrease in total liabilities of \$7.6 million, or 5.2%, is primarily the result of scheduled principal bond and loan payments of \$7.1 million, amortization of bond premiums and discounts in the amount of \$0.9 million. These are offset by an increase in interest and expenses payable of \$0.4 million.

Deferred inflows of \$0.5 million is the result of bond refundings during the 2017-18 fiscal year, 2019-20 fiscal year and 2022-23 fiscal year. Deferred inflows are amortized on a straight-line basis over the term of the related debt. Change in deferred inflows reflects the FY25 amortized amounts.

The Financing Corporation's financial position, as a whole, decreased during the fiscal year ended June 30, 2025, in the amount of \$1.2 million, or 3.3%, percent, over the net position balance at June 30, 2024, primarily due to planned spending on projects in support of University initiatives. The Financing Corporation continues to experience sound financial condition and health.

Restricted net position at June 30, 2025, includes \$0.9 million in the required debt service reserve accounts for Loan Agreements 2005A and 2005B and \$2.0 million restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements. The slight increase in total restricted net position during the 2024-25 fiscal year is the result of interest earned on restricted investments during the year ended June 30, 2025.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the Statement is to show the operating and non-operating revenues received by the Financing Corporation, the operating and non-operating expenses paid by the Financing Corporation and any other revenues, expenses, gains, and losses received or spent by the Financing Corporation. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

Operating revenues represent rental income received from the University, and operating expenses primarily represent expenses paid for debt service on outstanding bonds payable. In contrast, non-operating revenues and expenditures are for goods and services not provided by the Financing Corporation. An example of non-operating revenues would be investment income and transfers in/from the University.

Condensed Summary of Revenues, Expenses, and Change in Net Position Year Ended June 30, 2025 (in thousands of dollars)

	2025	2024	Increase (Decrease)	Change
Operating Revenues	\$ 19,100	\$ 17,369	\$ 1,731	10.0%
Less: Operating Expenses	12,948	13,023	(75)	-0.6%
Less: Net Non-Operating Expenses	7,347	8,802	(1,455)	-16.5%
Change in Net Position	(1,195)	(4,456)	3,261	-73.2%
Net Position, Beginning of Year	36,594	41,050	(4,456)	-10.9%
Net Position, End of Year	<u>\$ 35,399</u>	<u>\$ 36,594</u>	<u>\$ (1,195)</u>	-3.3%

Total operating revenues for the 2024-25 fiscal year increased \$1.7 million over the 2023-24 fiscal year. This growth stems from an increase in rental income received from the University. This was primarily due to an increase in rental rates charged for Housing facilities over the prior year.

Total operating expenses of the Financing Corporation for the 2024-25 fiscal year decreased from the 2023-24 fiscal year primarily from debt service. This decrease was due to lower variable interest rates over the prior year. Operating expenses of \$12.9 million were comprised of \$4.6 million, or 35.7 percent, for debt service (interest expense) and bond premium and discount amortizations; \$8.0 million, or 62.0 percent, for direct financing lease amortization; and \$0.3 million, or 2.3 percent, for administrative expenses.

Net Non-Operating Expenses for the 2024-25 fiscal year decreased \$1.5 million over the 2023-24 fiscal year. This decrease mainly stems from the substantial completion of special projects funded by the Financing Corporation. Of this decrease, \$2.7 million was from the construction of a boardwalk that links South Village to the main campus, \$0.8 million paid for new roofs in North Lake Village, \$0.2 million for a scholarship house and \$0.2 million in interest income. These were offset with an increase in capital improvement spending of \$2.4 million.

Statement of Cash Flows

The Statement of Cash Flows provides information about the Financing Corporation's financial results by reporting the major sources and uses of cash and cash equivalents. This Statement will assist in evaluating the Financing Corporation'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 Financing Corporation. The major sources of funds included in operating activities are student residences and parking facilities net rental income received from the University less interest paid on debt.

Cash flows from non-capital financing activities show the net cash provided to and from the University.

The largest outflow of cash in the capital and related financing activities represent annual debt service principal bond payments on the outstanding bonds and loans payable. Cash flows from the capital financing activities include all plant funds and related long-term debt activities.

Cash flows from the investing activities show the net source and use of cash as related to purchasing or selling investments and earning income on those investments.

Debt Administration

Investment in the direct financing lease in the amount of \$137.3 million recognizes a capital lease between the Financing Corporation and the University for land leased from the University. The University leased back the land, buildings and improvements from the Financing Corporation to manage and operate student residences and parking garages. The condition of student residences and parking facilities is good with the oldest residential building placed in service in 1998 and the first parking garage placed in service in 2007.

Factors Impacting Future Periods

The Financing Corporation's financial outlook for the future continues to be positive. The level of variable rate (13.7%) versus fixed rate (86.3%) debt is one of the key factors influencing the Financing Corporation activities. Management continues to monitor market fluctuations, taking advantage of refundings when possible and appropriate savings will be realized.

Another significant factor affecting the Financing Corporation's economic position relates to its ability to recruit and retain high quality students to live in the student residence facilities. Outlined below are the student residence facilities' fall occupancy statistics.

<u>Enrolled Fiscal Year</u>	<u>Enrolled Students</u>	<u>Housing Capacity</u>	<u>Living in Housing*</u>	<u>Occupancy</u>
2015-16	14,824	4,788	4,818	100.63%
2016-17	14,821	4,788	4,734	98.87%
2017-18	14,943	4,788	4,672	97.58%
2018-19	15,046	4,788	4,794	100.13%
2019-20	14,998	4,788	4,748	99.16%
2020-21	15,329	4,788	3,922	81.91%
2021-22	15,892	4,788	4,753	99.27%
2022-23	16,004	4,788	4,808	100.42%
2023-24	16,212	4,788	4,807	100.40%
2024-25	16,633	4,788	4,778	99.79%

* Includes Staff and Other

The following table lists the residences available to students and the related historical and projected average rental rates on a per student, per semester, basis for each academic year. Rental rates are set each academic year in accordance with guidelines established by the Financing Corporation Board of Directors and the University Board of Trustees. During the fiscal year ending June 30, 2024, the Financing Corporation Board of Directors and University Board of Trustees unanimously approved a housing rate increase of five percent for four consecutive years to begin for the fall 2024 semester.

<u>Academic Year</u>	<u>North Lake Village</u>		<u>South Lake Village</u>		<u>West Lake Village</u>		<u>West Lake Village 12 Month Agreement</u>
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	
2019-20	2,395	2,933	3,063	3,383	2,700	2,800	7,200
2020-21	2,395	2,933	3,063	3,383	2,700	2,800	7,200
2021-22	2,395	2,933	3,063	3,383	2,700	2,800	7,200
2022-23	2,395	2,933	3,063	3,383	2,700	2,800	7,200
2023-24	2,395	2,933	3,063	3,383	2,700	2,800	7,200
2024-25	2,531	3,095	3,232	3,568	2,851	2,956	7,592

Another significant factor in the Financing Corporation's economic position relates to its ability to provide adequate parking facilities. Limited future surface parking will be available as the University's core campus matures. Outlined below are the parking decal statistics for the Parking Facilities and the final fall counts for enrolled students and faculty and staff data.

<u>Fiscal Year</u>	<u>Enrolled Students*</u>	<u>Faculty & Staff **</u>	<u>Parking Capacity</u>	<u>Decals Sold</u>
2015-16	14,824	1,294	8,849	1,490
2016-17	14,821	1,334	8,849	1,535
2017-18	14,943	1,372	8,849	1,564
2018-19	15,046	1,403	8,849	1,644
2019-20	14,998	1,474	9,345	1,647
2020-21	15,329	1,519	9,381	1,545
2021-22	15,892	1,501	9,140	1,727
2022-23	16,004	1,506	9,246	1,693
2023-24	16,212	1,549	9,224	1,724
2024-25	16,633	1,648	9,224	1,827

* Fall Term

** Full-time faculty and staff

The following table lists the types of parking charges for parking facilities available to students, faculty and staff and the related historical rates on a per person, per term/year, basis for each fiscal year.

Academic Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Decal Fee	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118
Term Decal Fee	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Reserved Annual Decal Fee	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535
Parking Fee*	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75
Transportation Access Fee**	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95	\$5.95

* Parking Decal Fee paid by students on a per credit hour basis and includes sales tax.

** Transportation Access Fee paid by students on a per credit hour basis.

Florida Gulf Coast University Financing Corporation
Statement of Net Position
June 30, 2025

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ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 149,274
Investment with State Treasury - SPIA	504,682
Investment in Florida PRIME	15,149,175
Investment in United States Securities	9,726,735
Interest Receivable (includes \$1,794 restricted)	237,766
Total Current Assets:	<u>25,767,632</u>

Noncurrent Assets:

Cash and Cash Equivalents - Restricted	388,118
Investment in Direct Financing Lease	137,306,428
Investment with SPIA - Debt Reserve Restricted	523,931
Investment with Florida PRIME - Restricted	2,000,000
Investment in United States Securities	9,710,945
Total Noncurrent Assets:	<u>149,929,422</u>

Total Assets	<u>175,697,054</u>

DEFERRED OUTFLOWS OF RESOURCES

Bond Debt Refunding	<u>10,726</u>

LIABILITIES

Current Liabilities

Interest Payable	2,056,817
Due to University	2,008,785
Loans Payable - Current Portion	500,000
Bonds Payable - Current Portion	6,945,000
Total Current Liabilities:	<u>11,510,602</u>

Noncurrent Liabilities:

Loans Payable	6,200,000
Bonds Payable, Net	122,138,472
Total Noncurrent Liabilities:	<u>128,338,472</u>

Total Liabilities	<u>139,849,074</u>

DEFERRED INFLOWS OF RESOURCES

Bond Debt Refunding	<u>459,899</u>

NET POSITION

Restricted	2,913,843
Unrestricted	32,484,964
Total Net Position	<u>\$ 35,398,807</u>

Florida Gulf Coast University Financing Corporation
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

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REVENUES

Operating Revenues:

Net Rental Income Received from University	\$ 19,100,572
Total Operating Revenues	<u>19,100,572</u>

EXPENSES

Operating Expenses:

Debt Service	5,555,766
Financing Lease Amortization	8,021,696
Bond Premium Amortization, Net	(917,328)
Contractual Expenses	26,550
Insurance	259,349
Other Expenses	2,120
Total Operating Expenses	<u>12,948,153</u>

Operating Income	<u>6,152,419</u>

NON-OPERATING REVENUES (EXPENSES)

Investment Income	1,630,648
Letter of Credit Extension	(7,630)
Transfer Out to University - SoVi Boardwalk	(497,460)
Transfer Out to University	(8,473,125)
Total Net Non-Operating Expenses	<u>(7,347,567)</u>

Decrease in Net Position	(1,195,148)
Net Position, June 30, 2024	<u>36,593,955</u>

Net Position, June 30, 2025	<u><u>\$ 35,398,807</u></u>

Florida Gulf Coast University Financing Corporation
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

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CASH FLOWS FROM OPERATING ACTIVITIES

Net Rental Income Received from University	\$ 19,100,572
Interest Paid on Debt	(5,717,211)
Payments to Suppliers of Goods and Services	(288,019)

Net Cash Provided by Operating Activities	13,095,342

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Transfer out to University - SoVi Boardwalk	(497,460)
Transfer out to University	(7,936,416)

Net Cash Used by Non-Capital Financing Activities	(8,433,876)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Bond/Loan Principal Payments	(7,120,000)
Letter of Credit Extension	(7,630)

Net Cash Used by Capital and Related Financing Activities	(7,127,630)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash from Investments, Net	579,753
Interest Earned	1,736,103

Net Cash Provided by Investing Activities	2,315,856

Net Decrease in Cash and Cash Equivalents	(150,308)
Cash and Cash Equivalents, Beginning of Year	687,700

Cash and Cash Equivalents, End of Year	\$ 537,392

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 6,152,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization of Bond Premium/Discount, Net	(917,328)
Amortization of Direct Financing Lease	8,021,696
Amortization of Bond Deferred Outflow on Refunding	9,769
Amortization of Bond Deferred Inflow on Refunding	(30,551)
Change in Payables	(140,663)

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,095,342

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION A
COMPONENT UNIT OF FLORIDA GULF COAST UNIVERSITY NOTES
TO THE FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

On April 10, 2003, the Florida Gulf Coast University Board of Trustees approved the creation of the Florida Gulf Coast University Financing Corporation (Financing Corporation) as a direct support organization (State of Florida Auditor General Rule 10.700) and component unit of the Florida Gulf Coast University (University). The Financing Corporation was incorporated on April 11, 2003, as a Florida not-for-profit corporation under the provisions of Chapter 617, as a direct support organization of the University as defined by Florida Statutes Chapter 1004.28. Operations of the Financing Corporation began July 1, 2003. The Financing Corporation was established to receive, hold, invest, and administer property and to make expenditures to or for the exclusive benefit of (i) the University or (ii) a research and development park or research and development authority affiliated with the University and organized under Part V of Chapter 159 of Florida Statutes. Operating revenues and expenses generally include only fiscal transactions directly related to these activities. Included in non-operating revenues is investment income. The Financing Corporation also has the authority to issue bonds and other forms of indebtedness upon the approval of the University's Board of Trustees, as well as to enter into agreements to finance, design, construct, lease, purchase, and/or operate facilities necessary and desirable to serve the needs of the University.

Specifically, the operations of the Financing Corporation consist of contracting for the design and construction of student residential housing, parking facilities, and certain other projects as well as the issuance of bonded debt to finance construction when appropriate. As such, the Financing Corporation supervises and accounts for the respective construction. Once the construction is completed, the Financing Corporation transfers the completed building and/or facility to the University to operate in return for a direct financing lease (Master Operating Lease). Accordingly, the University operates and leases the respective facility from the Financing Corporation in an amount equal to the net rental proceeds (net operating revenues of the defined facilities). The net operating revenues paid to the Financing Corporation shall be not less than the annual debt service and related costs as defined by the Master Operating Lease. These net rental proceeds are then used to fund the outstanding debt by the Financing Corporation.

The governing body of the Financing Corporation is its Board of Directors (Board). The Board is composed of at least five (5) voting Directors. The Financing Corporation is managed, supervised and controlled by its Board, subject to applicable law and the powers and duties reserved to the Florida Gulf Coast University Board of Trustees and the President of Florida Gulf Coast University.

REPORTING ENTITY

Based on the application of the criteria described in the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600 for determining component units, the Financing Corporation is included within the financial statements of the University as a blended component unit entity for the fiscal year ended June 30, 2024. Through the application of these standards, no entities were required to be or are reported as component units of the Financing Corporation. After an annual audit of the Financing Corporation's financial statements is conducted by an independent certified public accountant and accepted by the Board, the annual report is submitted to the State of Florida Auditor General and the Florida Gulf Coast University Board of Trustees for review.

BASIS OF PRESENTATION

The Financing Corporation's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed

by the Governmental Accounting Standards Board (“GASB”). Accordingly, the Financing Corporation adheres to GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” GASB Statement No. 35, “Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34,” GASB Statement No. 37, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statement No. 21 and No. 34,” and GASB Statement No. 38, “Certain Financial Statement Note Disclosures.”

GASB Statements No. 34 and No. 35 established standards for external financial reporting which includes a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows using the direct method. GASB Statements No. 34 and 35 also include a requirement that management provide a discussion and analysis of the basic financial statements and it requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets. At June 30, 2025, the Financing Corporation had no net investments in capital assets.
- Restricted - consists of assets that have constraints placed upon their uses through external constraints imposed by donors, creditors (such as through debt covenants), or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. As of June 30, 2025, restricted net position is comprised of cash reserves that are required by applicable debt covenants.
- Unrestricted - consists of net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

The Financing Corporation also adheres to the recommendations of the National Association of College and University Business Officers (NACUBO). NACUBO’s recommendations are prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board (FASB) and the GASB. The Financing Corporation reporting model under GASB Statement No. 35 is considered a special-purpose government entity engaged only in business-type activities (BTA).

GASB Statements No. 34 and 35 provide that a special-purpose government entity engaged only in business-type activities is to present entity-wide reporting including the following:

- Management’s Discussion and Analysis (MD&A)
- Proprietary (enterprise) fund financial statements:
 - 1) Statement of Net Position
 - 2) Statement of Revenues, Expenses and Changes in Net Position
 - 3) Statement of Cash Flows
- Notes to the financial statements

No budget versus actual statement is presented, as the Financing Corporation is not required to adopt a legal budget.

BASIS OF ACCOUNTING

Basis of accounting refers to when the effect of transactions or events should be recognized for financial reporting purposes. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position of the Financing Corporation are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are

recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Statement of Net Position is presented in a classified format to distinguish between current and long-term assets and liabilities. The Statement of Revenues, Expenses, and Changes in Net Position is presented by major sources. The Statement of Cash Flows is presented using the direct method and complies with GASB Statement No. 9 "Reporting Cash Flow for Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting." The Financing Corporation follows GASB Statement No. 62, which incorporates FASB Statements and interpretations, unless those pronouncements conflict with GASB pronouncements.

RESTRICTED ASSETS

Restricted assets are cash and investment reserves required by the applicable debt covenants, and unspent bond proceeds. When both restricted and unrestricted resources are available for use, it is the Financing Corporation's policy to apply first to the restricted resources followed by the use of the unrestricted resources.

DIRECT FINANCING LEASE

Direct Financing Lease (Master Operating Lease) is recorded by the Financing Corporation at the capitalized amount of the previously completed Student Residences and Parking Facilities, which approximates the net present value of the Master Operating Lease.

CAPITAL ASSETS

Capital assets are capitalized at cost or at fair market value at the time of contribution. The Financing Corporation has a capitalization threshold of \$5,000 for all movable equipment items and a \$100,000 threshold for building renovations and improvements. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets ranging from five (5) to fifty (50) years. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of those assets. All capital assets are intended to be transferred to the University when placed in service and therefore, not depreciated by the Financing Corporation.

BOND PREMIUMS AND DISCOUNTS

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

DEFERRED OUTFLOW/INFLOW OF RESOURCES

The unrestricted net position balance includes the effect of recognizing deferred outflows and inflows of resources resulting from the refunding of debt. The balance is recognized as an expense beginning in the year the debt was extinguished and will further decrease or increase unrestricted net position over a 20-year repayment period of the new debt.

CASH FLOWS

The Financing Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, as well as its operating cash account balances and unspent bond proceeds. The Statement of Cash Flows is presented using the direct method and is in compliance with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

INCOME TAXES

The Financing Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is organized exclusively for scientific, educational, and charitable purposes. The Financing Corporation is not classified as a private foundation within the meaning of Section 509(a) of the Code but is a Corporation described under Section 509(a)(3).

The Internal Revenue Code provides for taxation of unrelated business income under certain

circumstances. The Financing Corporation reports no unrelated business taxable income however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. The informational returns (Form 990) for the prior three (3) fiscal years are open and subject to possible examination.

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Financing Corporation has adopted this guidance. The Financing Corporation has evaluated its tax positions and any estimates utilized in its tax returns and concluded that it has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

CONCENTRATION OF CREDIT

Throughout the year, the Financing Corporation has cash balances on deposit with financial institutions in excess of FDIC insurance limits of \$250,000. Such amounts in excess of FDIC limits are not insured. Investments are fully collateralized but not insured. Management does not believe the Financing Corporation is exposed to undue credit risk. The Financing Corporation has incurred no losses due to exposure to credit risk.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 25, 2025, which is the date the financial statements were available to be issued.

2. CASH and CASH EQUIVALENTS

The amounts reported as cash and cash equivalents consist of unrestricted and restricted cash in demand accounts. Cash in demand accounts is held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes as a public depository. Deposits are fully collateralized by a mutual collateral pool as provided by Florida Statutes Chapter 280 but are not insured in excess of the \$250,000 FDIC limits. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2025, the Financing Corporation reported restricted cash equivalents totaling \$388,118. Of this balance, \$385,908 is held by the lender and owner of the 2005B Loan as a debt service reserve requirement. According to the First Amendment to the Loan Agreement dated as of March 1, 2015, and the Amended and Restated Trust Indenture dated as of July 1, 2013, the Financing Corporation was required to deposit a contribution equal to the 2005B maximum annual debt service requirement. The required debt service reserve amount, including interest, is required to be disclosed as Restricted Cash and Net Position. The remaining restricted balance of \$2,210 is held by the Financing Corporation bond trustee and restricted for use towards interest and principal payments on related debt.

At June 30, 2025, the total carrying amount of the Financing Corporation's deposits were \$537,392 and the bank balances totaled \$537,403. Of the bank balances, \$399,274 was insured by Federal Depository Insurance with the remainder of \$138,129 collateralized under the Florida Public Deposits Program.

3. INVESTMENTS

Pursuant to Florida Statute 215.47, the Financing Corporation invests in qualified public depositories, direct obligations of the United States Treasury, State Board of Administration (SBA) and the State Treasury Special Purpose Investment Account (SPIA) investment pool. As of June 30, 2025, the Financing Corporation had the following held in investments:

<u>Investments</u>	<u>Amount</u>
SPIA	\$ 1,028,613
US Securities	19,437,680
Florida PRIME (SBA)	17,149,175
	<u>\$ 37,615,468</u>

Of the reported total investment amount, \$35,091,537 is unrestricted. On July 1, 2014, the Financing Corporation Board of Director's internally designated cash to be held as a reserve in an amount equivalent to the maximum annual debt service for bonds where a Debt Service Reserve Account is not required. At June 30, 2025, the internally designated funds held as a reserve to provide additional security and cash liquidity totaled \$10,502,088. On March 11, 2020, the Financing Corporation's Board of Director's internally designated \$1.5 million of unrestricted funds to be held as a reserve for future housing repair and maintenance. Of this amount, approximately \$805,350 was used during the year ended June 30, 2024, for roof replacements in North Lake Village. As of June 30, 2025, the internally designated funds set aside as a reserve for future housing repair and maintenance was nearly \$694,650. Internally designated funds are invested in the Florida PRIME Investment pool and included in Unrestricted Net Position.

As of June 30, 2025, the Financing Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from increasing interest rates.

External Investment Pool

The Financing Corporation reported investments at book value, which is fair value, totaling \$1,028,613 at June 30, 2025, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. These investment pools operate under investment guidelines established in Section 215.47, Florida Statutes. The State Treasury has taken the position that participants in the pool should disclose information related to interest risk, credit risk and fair value factor. SPIA carried a credit rating of AA-f by Standard and Poor's and had an effective duration of 3.33 years at June 30, 2025. SPIA is not exposed to foreign currency risk. The Pool's unaudited fair value factor is 1.0030. The Financing Corporation relies on policies developed by the State Treasury for managing interest rate or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Annual Comprehensive Financial Report. In accordance with GASB Statement No. 40, the investments held by the Financing Corporation are not risk categorized as the investments are managed through the State Treasury in accordance with the provisions of Section 17.61, Florida Statutes, and are not evidenced by specific, identifiable investment securities.

Of the reported SPIA investment amount, \$523,931 is held in a restricted debt reserve account for the Series 2005A bonds.

At June 30, 2025, the Financing Corporation reported investments totaling \$17,149,175 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The Financing Corporation's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had weighted average days to maturity (WAM) of 47 days as of June 30, 2025. The Florida PRIME investment pool had a weighted average life (WAL) of 80 days at June 30, 2025. PRIME was not exposed to foreign currency risk and did not participate in securities lending. PRIME meets all criteria

required by GASB 79.

Of the reported Florida PRIME investment amount, \$2,000,000 is restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements (and the parity bond issues) as a cash liquidity requirement, as well as the Master Capital Lease Operating Agreement.

Other Investments

In addition to external investment pools, the Financing Corporation invested in obligations of the United States Government with maturities of two years or less. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality.

Financing Corporation US Treasury Securities

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
US Securities	\$ 19,437,680	\$ 9,726,735	\$ 9,710,945	\$ -	\$ -
Total	\$ 19,437,680	\$ 9,726,735	\$ 9,710,945	\$ -	\$ -

4. FAIR VALUE MEASUREMENTS

The Financing Corporation investments are reported at book value, which is fair value using the cost approach to valuation in the accompanying Statement of Net Position at June 30, 2025 as follows:

Description	Carrying Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets For Identical Assets Level (1)	Quoted Prices in Active Markets For Similar Assets Level (2)	Significant Unobservable Inputs Level (3)
Assets				
Investments - SPIA	\$ 1,028,613	\$ 1,028,613	\$ -	\$ -
Investments - US Securities	19,437,680	19,437,680	-	-
Investments - PRIME (SBA)	17,149,175	17,149,175	-	-
Total Assets	\$ 37,615,468	\$ 37,615,468	\$ -	\$ -

Investments – SPIA are cash investments that are held by the State (of Florida) Treasury Special Purpose Investment Account and are readily available. Investments – US Securities have maturity of two years or less. Investments – PRIME (SBA) are cash investments that are held by the Florida State Small Business Administration and are readily available.

Financial Instruments not Measured at Fair Value

Financial instruments not measured at fair value include cash and cash equivalents, receivables, accounts payable, and accrued expenses. The carrying amounts of these items approximates fair value due to the short term nature of the financial instruments.

Fair Value Measurements

FASB ASC 820-10-50-1 through 820-10-50-8 (formerly Financial Accounting Standards Board Statement No. 157, "Fair Value Measurements") established a fair value hierarchy that prioritizes

the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level (1) inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level (2) inputs consist of observable inputs or unobservable inputs that are corroborated by market data, and Level (3) inputs have the lowest priority. The Financing Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Financing Corporation measures fair value using Level (1) inputs because they generally provide the most reliable evidence of fair value.

Effective for the year ended June 30, 2016, the GASB issued GASB Statement No. 72 "Fair Value Measurement Application". This statement requires new disclosures of (a) transfers in and out of Levels 1 and 2 to include reasons for the transfers as well, and (b) reconciliation for fair value measurements using significant, unobservable inputs. Level 3 should be presented separately on a gross basis, rather than as one net number. This update also provided amendments that clarify existing disclosures such as the level of disaggregation for each class of assets and liabilities as well as disclosures about inputs and valuation techniques. Investments are reported at book value which is fair value; the adoption of this update has no impact on the financial statements.

Level (1) Fair Value Measurements

The fair value of investments is based on quoted market prices in an active market for identical assets.

Level (2) Fair Value Measurements

Observable inputs or unobservable inputs that are corroborated by market data.

Level (3) Fair Value Measurements

Unobservable inputs that are not corroborated by market data.

5. INVESTMENT IN DIRECT FINANCING LEASE

As a condition of the financing arrangement, the Financing Corporation entered into a Master Ground Lease Agreement with the University. The University leases the respective project land on its campus to the Financing Corporation with a rental fee of \$1.00 per year. The property covered by the Master Ground Lease together with improvements (re: student residences and parking facilities) thereon is leased back by the University to manage and operate through the Master Operating Lease (Direct Financing Lease). The payments on the Master Operating Lease are equal to net operating revenues, as defined, but not less than the annual debt service requirements of the related bond and loan debt. The Master Operating Lease shall terminate on the date on which all bonds, loans, and obligations under any related financing documents are paid in full. The Financing Corporation records these lease agreements as a receivable. The Financing Corporation amortizes the direct financing lease by the amount of respective bonded debt, including associated premiums and discounts, and loan principal paid over the term of the debt. For the year ended June 30, 2025, the investment in direct financing lease was amortized in the amounts of \$7,221,534 for student residences, and \$815,794 for parking facilities.

At June 30, 2025, the Financing Corporation's Investment in Direct Financing Lease was \$137,306,428 and consists of the following completed student residences and parking facilities:

Student Residence	Fiscal Year of Completion	Amount
Phase I	1998	\$ 6,904,962
Phase II	2000	7,000,000
Phase III	2001	8,095,037
Phase IV	2002	7,591,506
Phase V	2003	6,973,593
Phase VI	2004	10,675,796
Phase VII	2005	8,399,116
Phase VIII	2008	25,604,702
Phase IX	2010	22,000,000
Phase X	2012	29,755,368
Phase XI	2011	15,867,531
Phase XII	2013	27,357,283
South Village Pool	2014	1,824,433
Phase XIII	2015	27,798,729
		<u>205,848,056</u>
Less: Direct Financing Lease Amortization		<u>(83,290,445)</u>
Total Student Residences		<u>\$ 122,557,611</u>

Parking Garage Facilities	Fiscal Year of Completion	Amount
Phase I	2007	\$ 7,008,293
Phase II	2008	10,186,821
Phase III	2009	8,000,000
		<u>25,195,114</u>
Less: Direct Financing Lease Amortization		<u>(10,446,297)</u>
Total Parking Facilities		<u>\$ 14,748,817</u>

Total Investment in Direct Financing Lease, Net		<u><u>\$ 137,306,428</u></u>

6. DEFERRED OUTFLOW OF RESOURCES

The unrestricted net position balance includes the effect of recognizing a deferred outflow of resources in the total amount of \$10,726 at June 30, 2025, originating from the refunding of the Capital Improvement Revenue Bond Series 2011A by issuing the Series 2020A Bonds during the year ended June 30, 2021.

During the year ended June 30, 2025, the Financing Corporation recognized amortization of the deferred outflow in the amount of \$715. The following is a summary of the Financing Corporation's deferred outflow activity for the year ended June 30, 2025:

	Beginning Balance	Increase	(Decrease)	Ending Balance
Deferred Outflow				
Bond Debt Refunding	\$ 11,441	\$ -	\$ (715)	\$ 10,726
	<u>\$ 11,441</u>	<u>\$ -</u>	<u>\$ (715)</u>	<u>\$ 10,726</u>

7. LONG TERM LIABILITIES

Bonds and Loans payable activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Series 2008A	\$ 12,825,000	\$ -	\$ (730,000)	\$ 12,095,000	\$ 760,000
Series 2009A	5,060,000	-	(255,000)	4,805,000	265,000
Series 2017A	34,785,000	-	(2,515,000)	32,270,000	2,640,000
Series 2017B	5,760,000	-	(340,000)	5,420,000	360,000
Series 2019A	27,200,000	-	(1,255,000)	25,945,000	1,320,000
Series 2020A	17,755,000	-	(760,000)	16,995,000	795,000
Series 2022A	20,075,000	-	(765,000)	19,310,000	805,000
Loan Payable:					
2005A Loan	4,100,000	-	(300,000)	3,800,000	300,000
2005B Loan	3,100,000	-	(200,000)	2,900,000	200,000
Total	130,660,000	-	(7,120,000)	123,540,000	7,445,000
Add:					
Bond Discounts and Premium	13,160,800	-	(917,328)	12,243,472	-
Total	<u>\$ 143,820,800</u>	<u>\$ -</u>	<u>\$ (8,037,328)</u>	<u>\$ 135,783,472</u>	<u>\$ 7,445,000</u>

Loans Payable

On July 1, 2013, the Financing Corporation entered into a Loan Agreement dated July 1, 2013 (2005A) in the amount of \$6,800,000 and a Loan Agreement dated July 1, 2013 (2005B) in the amount of \$5,100,000, collectively hereafter referred to as the Loan, authorizing the purchase and refunding of Capital Revenue Bonds 2005A (Housing Phase VII) and Capital Revenue Bonds 2005B (Parking Phase I) which resulted in defeasance of the variable rate capital revenue bond debt and the securing of a fixed rate Loan as described in the Loan agreement and the Amended and Restated Trust Indenture dated as of July 1, 2013. The Loan proceeds were delivered to the Trustee and applied to reimburse the credit facility (Letter of Credit) previously securing the 2005 Bonds on the mandatory delivery date representing the par principal amounts.

The original proceeds derived from the sale of the Series 2005A Revenue Bonds were used to finance the construction and equipping of a new 288 bed apartment style student residence facility (North Lake Village Student Residence Complex - Phase VII) and the proceeds derived from the sale of the Series 2005B Revenue Bonds were used to finance the construction and equipping of a 500 space parking garage (Parking Facilities Phase I).

The proceeds from the fixed tax-exempt Loans were used to refund the outstanding principal debt of Capital Revenue Bonds 2005A (Housing Phase VII) in the par amount of \$6,800,000 and Capital Revenue Bonds 2005B (Parking Phase I) in the par amount of \$5,100,000 secured under the Amended and Restated Trust Indenture, dated as of July 1, 2013, between the Financing Corporation and the Trustee on a parity basis with all outstanding Financing Corporation Housing and Parking Systems Capital Improvement Revenue Bonds. The Loan payments are secured by a pledge of Net Housing and Parking Systems revenues, all pursuant to the Ninth Amended and Restated Master Capital Projects Operating Lease between the Financing Corporation and the University, dated July 1, 2013. The maturity of the Loan Agreement will not exceed the maturity of

the original issue Capital Revenue Bonds 2005A (Housing Phase VII) and Capital Revenue Bonds 2005B (Parking Phase I).

According to the Loan agreement and the Amended and Restated Trust Indenture dated as of July 1, 2013, the Financing Corporation deposited with the Trustee an amount equal to the maximum annual debt service for the 2005A Series Bonds in the amount of \$515,861, excluding interest earned, to be held by the Trustee in the 2005A Debt Service Reserve Account within the sinking capital fund. The maturity dates or payment principal schedules were not modified and there was no economic gain or loss of the transaction. The Trustee invests the funds held in the Debt Reserve Sinking Account and applies any accrued investment earnings against the payment of principal and interest. These funds, including interest, are held by the Trustee and included in Restricted Net Position.

On March 1, 2015, the Financing Corporation entered into the First Amendment to the Loan agreement requiring a 2005B debt service reserve equal to the maximum annual debt service requirement for the 2005B Series Bonds. The maximum annual debt service amount of \$385,648 is to be held by the Lender as long as they are the owner of the bonds. The 2005B debt service reserve requirement, plus interest earned, is held by the Lender and available exclusively for payment of the Loan. These funds, including interest, are included in Restricted Net Position.

Notwithstanding the original maturity date February 1, 2035, of the Capital Improvement Revenue Bonds Series 2005A and Capital Improvement Bonds Series 2005B, the bank has the right to exercise put dates initially in fifteen years, July 1, 2028, and in its sole discretion extend the term through the original maturity date of February 1, 2035. The Financing Corporation may prepay the Loan in whole or part anytime, however, it would be required to pay the bank an additional prepayment fee or premium as determined in the Amended and Restated Trust Indenture dated as of July 1, 2013. The intent of the Financing Corporation is to retire the Loan at the end of the fifteen year period without additional prepayment or premium fees.

Interest payable is based upon a fixed rate of 3.17% paid semi-annually with principal payable in varying amounts annually on February 1, 2014 through 2035. On February 1, 2025, a combined principal loan payment in the amount of \$500,000 was paid leaving the outstanding Capital Improvement Revenue Loan Series 2005A in the amount of \$3,800,000 and Capital Improvement Revenue Loan Series 2005B in the amount of \$2,900,000 at June 30, 2025. The Loans are collateralized by the net rental revenues of the student residences system and parking system.

Bonds Payable

(1) Capital Improvement Revenue Bonds, Series 2008A

On May 1, 2008, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2008A in the par amount of \$22,000,000. The proceeds derived from the sale of the Series 2008A Revenue Bonds were used to finance the construction and equipping of a new 407 bed high rise suite style student residence facility and related improvements as an addition to the Housing System located on the University's main campus (South Village Student Residence Complex – Phase IX). Interest on the 2008A bonds accrues at a weekly adjustable rate, as determined by the remarketing agent and is payable monthly. As of June 30, 2025, the variable interest rate was 1.97%. Principal is payable in varying amounts and is due annually on February 1, 2010, through 2038. The Financing Corporation has purchased, as additional collateral on the revenue bonds, a letter of credit that expires at various dates but is intended to remain in effect until either the revenue bonds are retired or all the interest rates are converted from variable to fixed. The 2008A bonds are collateralized by the net rental revenues of the student residences system.

At June 30, 2025, net position included \$1,000,000 that is required to be held (restricted) as a condition of the Reimbursement Agreement dated August 22, 2019. The required reserve funds are invested in the Florida PRIME Investment Pool and included in Restricted Net Position.

On February 1, 2025, a required principal bond payment in the amount of \$730,000 was paid leaving the outstanding Capital Improvement Revenue Bonds, Series 2008A in the amount of \$12,095,000 at June 30, 2025.

(2) Capital Improvement Revenue Bonds, Series 2009A

On May 7, 2009, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2009A in the par amount of \$8,000,000. The proceeds derived from the sale of the Series 2009A Revenue Bonds were used to finance the construction and equipping of an approximately 785 space parking garage and related improvements (Parking Facilities Phase III) as an addition to the Parking System located on the University's main campus. Interest on the 2009A bonds accrues at a weekly adjustable rate, as determined by the remarketing agent and is payable monthly. As of June 30, 2025, the variable interest rate was 1.97%. Principal is payable in varying amounts and are due annually on February 1, 2011, through 2039. The Financing Corporation has purchased, as additional collateral on the revenue bonds, a letter of credit that expires at various dates but is intended to remain in effect until either the revenue bonds are retired or all the interest rates are converted from variable to fixed. The 2009A bonds are collateralized by the net rental revenues of the parking system.

At June 30, 2025, net position includes \$1,000,000 that is required to be held (restricted) as a condition of the Reimbursement Agreement dated August 22, 2019, and the Master Capital Lease Operating Agreement. The required reserve funds are invested in the Florida PRIME Investment Pool and included in Restricted Net Position.

On February 1, 2025, a required principal bond payment in the amount of \$255,000 was paid leaving the outstanding Capital Improvement Revenue Bond Series 2009A in the amount of \$4,805,000 at June 30, 2025.

(3) Capital Improvement Refunding Revenue Bonds, Series 2017A and 2017B

On November 29, 2017, the Financing Corporation issued the Capital Improvement Refunding Revenue Bonds, Series 2017A (Housing Project) (the "Series 2017A Bonds") and the Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project) (the "Series 2017B Bonds").

The Series 2017A Bonds were issued in the amount of \$47,500,000 plus original issue premium of \$6,456,991. The proceeds from the sale of the Series 2017A Bonds were used to (i) refund the outstanding Capital Improvement Revenue Bonds, Series 2003 (Housing Project), and the Capital Improvement Revenue Bonds, Series 2007A (Housing Project), and (ii) pay costs relating to the issuance of the Series 2017A Bonds. Interest is payable based upon fixed rates ranging from 3.38% to 5.00% paid semi-annually with principal payable in varying amounts on August 1, 2018, through 2036.

The Series 2017B Bonds were issued in the amount of \$7,850,000 plus original issue premium of \$398,563. The proceeds from the sale of the Series 2017B Bonds were used to (i) refund the outstanding Capital Improvement Revenue Bonds, Series 2007C (Parking Project), and (ii) pay costs relating to the issuance of the Series 2017B Bonds. Interest is payable based upon fixed rates ranging from 3.00% to 5.00% paid semi-annually with principal payable in varying amounts on February 1, 2018 through 2037.

On July 1, 2014, the Financing Corporation Board of Director's internally designated cash to be held as a reserve in an amount equivalent to the maximum annual debt service for bonds where a Debt Service Reserve Account is not required. At June 30, 2025, the internally designated funds held as a reserve to provide additional security and cash liquidity were \$4,084,688 for Series 2017A Bonds and \$565,600 for the Series 2017B Bonds. Internally designated funds are invested with the Florida PRIME Investment Pool and included in Unrestricted Net Position.

On August 1, 2024, a required principal bond payment in the amount of \$2,515,000 was paid on the Capital Improvement Refunding Revenue Bonds, Series 2017A. Therefore, at June 30, 2025, there remained outstanding Capital Improvement Refunding Revenue Bonds, Series 2017A in the amount of \$36,103,838 net of unamortized premium of \$3,833,838.

On February 1, 2025, a required principal bond payment in the amount of \$340,000 was paid on Capital Improvement Refunding Revenue Bonds, Series 2017B. Therefore, at June 30, 2025, there remained outstanding Capital Improvement Refunding Revenue Bonds, Series 2017B in the amount of \$5,660,871 including unamortized premium of \$240,871.

(4) Capital Improvement Refunding Revenue Bonds, Series 2019A

On December 5, 2019, the Financing Corporation issued the Capital Improvement Refunding Revenue Bonds, Series 2019A (Housing Project) (the "Series 2019A Bonds").

The Series 2019A Bonds were issued in the amount of \$32,575,000 plus original issue premium of \$5,125,443. The proceeds from the sale of the Series 2019A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2010A and Capital Improvement Revenue Bonds, Series 2010B. Interest is payable based upon fixed rates ranging from 3.00% to 5.00% paid semi-annually with principal payable in varying amounts on February 1, 2020, through 2039.

On July 1, 2014, the Financing Corporation Board of Director's internally designated cash to be held as a reserve in an amount equivalent to the maximum annual debt service for bonds where a Debt Service Reserve Account is not required. At June 30, 2025, the internally designated funds held as a reserve to provide additional security and cash liquidity were \$2,533,800 for Series 2019A Bonds. Internally designated funds are invested with the Florida PRIME Investment Pool and included in Unrestricted Net Position.

On February 1, 2025, a required principal bond payment in the amount of \$1,255,000 was paid on Capital Improvement Refunding Revenue Bonds, Series 2019A. Therefore, at June 30, 2025, there remained outstanding Capital Improvement Refunding Revenue Bonds, Series 2019A in the amount of \$29,640,599 including unamortized premium of \$3,695,599.

(5) Capital Improvement Refunding Revenue Bonds, Series 2020A

On December 17, 2020, the Financing Corporation issued the Capital Improvement Refunding Revenue Bonds, Series 2020A (Housing Project) (the "Series 2020A Bonds").

The Series 2020A Bonds were issued in the amount of \$19,800,000 plus original issue premium of \$3,882,566. The proceeds from the sale of the Series 2020A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2011A. Interest is payable based upon fixed rates ranging from 3.00% to 5.00% paid semi-annually with principal payable in varying amounts on February 1, 2022 through 2040.

On July 1, 2014, the Financing Corporation Board of Director's internally designated cash to be held as a reserve in an amount equivalent to the maximum annual debt service for bonds where a Debt Service Reserve Account is not required. At June 30, 2025, the internally designated funds held as a reserve to provide additional security and cash liquidity were \$1,547,500 for Series 2020A Bonds. Internally designated funds are invested with the Florida PRIME Investment Pool and included in Unrestricted Net Position.

On February 1, 2025, a required principal bond payment in the amount of \$760,000 was paid on Capital Improvement Refunding Revenue Bonds, Series 2020A. Therefore, at June 30, 2025, there remained outstanding Capital Improvement Refunding Revenue Bonds, Series 2020A of \$19,994,407 including unamortized premium of \$2,999,407.

(6) Capital Improvement Refunding Revenue Bonds, Series 2022A

On November 3, 2022, the Financing Corporation issued the Capital Improvement Refunding Revenue Bonds, Series 2022A (Housing Project) (the "Series 2022A Bonds").

The Series 2022A Bonds were issued in the amount of \$21,535,000 plus original issue premium of \$1,704,935. The proceeds from the sale of the Series 2022A Bonds were used to refund the outstanding Capital Improvement Revenue Bonds, Series 2013A. Interest is payable based upon a fixed rate of 5.00% paid semi-annually with principal payable in varying amounts on February 1, 2023, through 2042.

On July 1, 2014, the Financing Corporation Board of Director's internally designated cash to be held as a reserve in an amount equivalent to the maximum annual debt service for bonds where a Debt Service Reserve Account is not required. At June 30, 2025, the internally designated funds held as a reserve to provide additional security and cash liquidity were \$1,770,500 for Series 2022A Bonds. Internally designated funds are invested with the Florida PRIME Investment Pool and included in Unrestricted Net Position.

On February 1, 2025, a required principal bond payment in the amount of \$765,000 was paid on Capital Improvement Refunding Revenue Bonds, Series 2022A. Therefore, at June 30, 2025, there remained outstanding Capital Improvement Refunding Revenue Bonds, Series 2022A of \$20,783,757 including unamortized premium of \$1,473,757.

The following is a schedule of estimated future minimum payments remaining under the outstanding Capital Improvement Revenue Bonds and Loans payable at June 30, 2025:

Years Ending June 30	Principal	Interest*	Total
2026	\$ 7,445,000	\$ 5,588,023	\$ 13,033,023
2027	7,880,000	5,219,038	13,099,038
2028	8,220,000	4,829,941	13,049,941
2029	8,680,000	4,423,422	13,103,422
2030	9,055,000	4,002,673	13,057,673
2031-2035	48,600,000	13,182,571	61,782,571
2036-2040	30,575,000	3,891,377	34,466,377
2041-2045	3,085,000	232,750	3,317,750
2045-2050	-	-	-
Subtotal	123,540,000	41,369,795	164,909,795
Add Bond Discounts and Premiums, Net	12,243,472	-	12,243,472
Total	<u>\$ 135,783,472</u>	<u>\$ 41,369,795</u>	<u>\$ 177,153,267</u>

**Includes interest accrued at fixed and variable rates at June 30, 2025 of 1.97% to 5.16%.*

8. DEFERRED INFLOW OF RESOURCES

At June 30, 2025, the unrestricted net position balance includes the effect of recognizing a deferred inflow of resources in the total unamortized amount of \$459,899. Of this amount \$280,873 originated from the gain on refunding of the Capital Improvement Revenue Bond Series 2003, Capital Improvement Revenue Bond Series 2007A, and Capital Improvement Revenue Bond Series 2007C by issuing the Series 2017A Bonds, and the Series 2017B Bonds during the year ended June 30, 2018 and \$146,675 originated from the gain on refunding of the Capital Improvement Revenue Bond Series 2010A and Capital Improvement Revenue Bond Series 2010B by issuing the Series 2019A Bonds during the year ended June 30, 2020. The remaining unamortized balance of \$32,351 originated from the gain on refunding of the capital Improvement Revenue Bond Series 2013A by issuing the Series 2022A bonds during the year ended June 30, 2023.

During the year ended June 30, 2025, the Financing Corporation recognized a decrease of \$37,128 due to the amortization of the deferred inflow. The following is a summary of the Financing Corporation's deferred gain activity for the year ended June 30, 2025:

	Beginning Balance	Increase	(Decrease)	Ending Balance
Deferred Inflow				
Bond Debt Refunding	\$ 497,027	\$ -	\$ (37,128)	\$ 459,899
	<u>\$ 497,027</u>	<u>\$ -</u>	<u>\$ (37,128)</u>	<u>\$ 459,899</u>

9. RELATED PARTY TRANSACTIONS

The University operates and pays all operating costs for the facilities leased from the Financing Corporation from the gross rental income from the respective student residences and parking facilities. The Net Rental Income is then paid to the Financing Corporation by the University in arrears based on collections. Therefore, no receivable is recorded. The University provides office space and related occupancy costs such as utilities and use of other office machines at no cost to the Financing Corporation. At June 30, 2025, no amounts are reflected in these financial statements of the Financing Corporation for these items, either as donated revenue or the offsetting expenses, as no reasonable basis has been determined to value these costs.

During the year ended June 30, 2025, the Financing Corporation transferred \$8,970,585 to the University, including \$497,460 for the SoVi Boardwalk. At June 30, 2025, the Financing Corporation reported a Due to University of \$2,008,785.

The Financing Corporation maintains a portion of its cash and investments with a financial institution of which a Financing Corporation Board member was an officer during the fiscal year ended June 30, 2025. At June 30, 2025, the Financing Corporation's cash balance held at the bank totaled \$99,274 and the investments managed by the bank totaled \$19,437,680.

10. COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2023, the Financing Corporation committed up to \$4.5 million for the construction of a boardwalk that will link South Village to the main campus. As of June 30, 2025, approximately \$0.5 million remains to be spent on this commitment.

11. RISK MANAGEMENT

The Financing Corporation is third party insured against risk of loss applicable to the Corporation.

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Basic Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

We have audited, 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 of America, the accompanying basic financial statements of Florida Gulf Coast University Financing Corporation (Financing Corporation) which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated August 25, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Gulf Coast University Financing Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Gulf Coast University Financing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Gulf Coast University Financing Corporation'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 basic 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.

INTEGRITY SERVICE.....EXPERIENCE

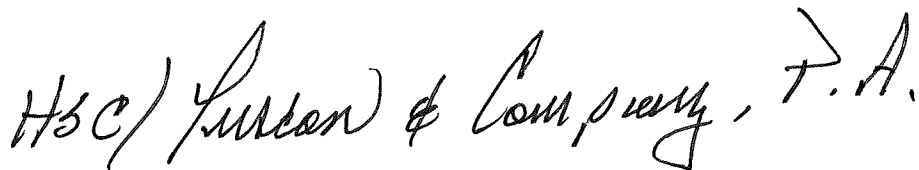
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify any deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined previously. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Gulf Coast University Financing Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. 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 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 Financing Corporation'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 Financing Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "HSC/Tuscan & Company, P.A." The script is cursive and fluid, with the letters "HSC" being more distinct than the rest of the name.

HSC/TUSCAN & COMPANY, PA
Fort Myers, Florida
August 25, 2025

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

In planning and performing our audit of the financial statements of the Florida Gulf Coast University Financing Corporation (the "Financing Corporation"), as of and for the year ended June 30, 2025, we considered the Florida Gulf Coast University Financing Corporation's internal controls over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Financing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Financing Corporation'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 Financing Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards. These comments and recommendations are submitted for your review and consideration, items noted during the audit and recommendations are designed to help the Financing Corporation make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Florida Gulf Coast University Financing Corporation.

INTEGRITY SERVICE.....EXPERIENCE

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

None – There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:

None – There were no financially significant comments noted.

This report is intended solely for the information and use of the Board of Directors, management, the Auditor General of the State of Florida, and other Federal and State agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
August 25, 2025



FINANCING CORPORATION

September 15, 2025

Auditor General's Office
Local Government Audits/251
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

We are providing this letter in connection with the audit of Florida Gulf Coast University Financing Corporation (Financing Corporation) for the fiscal year ended June 30, 2025.

The Independent Auditor's Report to Management, did not disclose any findings regarding the Financing Corporation. In addition, the accompanying audit report did not include any prior audit findings.

If you have any questions or need additional information, please feel free to contact my office or Renee Garcia at 239-590-1215.

Sincerely,

David Vazquez
Executive Director, Financing Corporation

cc: HSC/Tuscan & Company, P.A.
1470 Royal Palm Square Blvd.
Fort Myers, FL 33919



**FLORIDA GULF COAST UNIVERSITY
FOUNDATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

As of and for the Years Ended June 30, 2025 and 2024

And Reports of Independent Auditor

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
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**REPORT OF INDEPENDENT AUDITOR 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* 35-36**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Gulf Coast University Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Florida Gulf Coast University Foundation, Inc. (the "Foundation"), a direct support organization and component unit of Florida Gulf Coast University, as of and for the years ended June 30, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

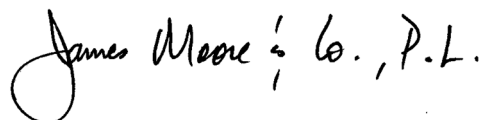
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 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 Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looping initial "J" and "M".

Gainesville, Florida
October 21, 2025

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Florida Gulf Coast University Foundation, Inc. (the "Foundation") is a direct support organization and component unit of Florida Gulf Coast University (a governmental agency) (the "University"). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board ("GASB").

The Foundation reports as a special-purpose government engaged only in business type activities. The financial statements are prepared on the accrual basis of accounting. The statements are a presentation of 1) assets and liabilities as current and noncurrent, deferred inflows of resources and net position; 2) revenues and expenses as operating and non-operating and endowment contributions; and 3) the use of the direct and indirect methods for statement of cash flows.

The unaudited management discussion and analysis ("MD&A"), is a narrative that relays management's insights into the Foundation's performance. The objective of the MD&A is to focus on current activities, resulting changes, and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

The financial statements include the following:

- 1) Basic financial statements –
 - a) Statements of Net Position
 - b) Statements of Revenues, Expenses, and Changes in Net Position
 - c) Statements of Cash Flows
 - d) Notes to the Financial Statements and,
- 2) Supplementary Schedules to the financial statements

Financial Highlights

Financial Position

2025

Total Assets were \$230.1 million, an increase of \$24.0 million (11.6%) from 2024. This was mainly due to a \$25.5 million net increase in investments along with a \$2.1 million increase in pledges receivable.

2024

Total Assets were \$206.1 million, an increase of \$20.4 million (11.0%) from 2023. This was mainly due to a \$26.1 million increase in investments along with a \$5.9 million decrease in capital assets and pledges receivable.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Foundation Scholarships

2025

The Foundation paid scholarships during the fiscal year 2025 totaling approximately \$5.6 million, a decrease of 12.0% from fiscal year 2024's new high of \$6.3 million.

2024

The Foundation paid scholarships during the fiscal year 2024 totaling approximately \$6.3 million, an increase of 7.6% from fiscal year 2023's \$5.9 million. It also represents a new high for Foundation scholarships awarded within a fiscal year.

Major Gifts

The 2011 legislature suspended the Major Gifts Matching Program effective July 1, 2011. The program may be restarted after \$200 million of the backlog for programs has been matched. Existing eligible donations remain eligible for future matching funds. The Foundation's existing request to the state of Florida for matching gifts is \$11.8 million as of June 30, 2025 and 2024.

The following sections in the MD&A include an analysis of the three basic financial statements listed on the previous page.

Statements of Net Position

The purpose of the statements of net position is to present the reader with a look at the Foundation's financial condition as of the end of the fiscal year.

In reading the statements of net position, the reader will be able to determine the Foundation's ability to continue operations; how much it owes to vendors and other lending institutions; and provide a snapshot of the assets and their availability for spending by the Foundation.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Condensed Summary of Net Position
(in thousands of dollars)

	2025	2024	2023	2025-2024	
				Increase (Decrease)	Change
Assets					
Current assets	\$ 50,987	\$ 46,210	\$ 46,676	4,777	10.3%
Noncurrent assets	179,116	159,905	139,023	19,211	12.0%
Total Assets	<u>\$ 230,103</u>	<u>\$ 206,115</u>	<u>\$ 185,699</u>	23,988	11.6%
Liabilities					
Current liabilities	\$ 479	\$ 635	\$ 361	(156)	-24.6%
Noncurrent liabilities	544	595	561	(51)	-8.6%
Total Liabilities	<u>\$ 1,023</u>	<u>\$ 1,230</u>	<u>\$ 922</u>	(207)	-16.8%
Deferred Inflows of Resources	<u>\$ 1,887</u>	<u>\$ 1,702</u>	<u>\$ 1,457</u>	185	10.9%
Net Position					
Net investment in capital assets	\$ 15	\$ 50	\$ 3,975	(35)	-70.0%
Restricted by donors - expendable	102,107	84,931	70,019	17,176	20.2%
Permanent endowments - nonexpendable	111,545	103,837	95,629	7,708	7.4%
Unrestricted	13,526	14,365	13,697	(839)	-5.8%
Total Net Position	<u>\$ 227,193</u>	<u>\$ 203,183</u>	<u>\$ 183,320</u>	24,010	11.8%

The 2025 and 2024 statements of net position are presented on page 12 of the basic financial statements. For the fiscal year ended June 30, 2025, the total net position increased \$24.0 million (11.8%). This year's activity included the following:

Assets

2025

Current assets increased by \$4.8 million (10.3%) mainly due to short-term certificates of deposit and US Treasury notes maturing within a year being classified as Short term investments instead of noncurrent Investments.

Noncurrent assets also increased by \$19.2 million (12.0%). Investments increased by \$17.6 million (11.2%) due to a one-year return of positive 12.1% as of June 30, 2025. In addition, net pledges receivable increased \$2.1 million (126.6%) as of June 30, 2025.

2024

Current assets decreased by \$466,000 (-1.0%) mainly due to \$4 million in long-term certificates of deposit classified as noncurrent investments instead of cash and cash equivalents.

Noncurrent assets increased by \$20.9 million (15.0%). Investments increased by \$26.1 million (19.9%) due to positive market returns. The Foundation's investment pool had a one-year return of positive 12.9% on June 30, 2024.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Liabilities

2025

Current liabilities decreased by approximately \$156,000 (-24.6%) mainly due to an approximately 26.4% decrease in Accounts payable on June 30, 2025.

Noncurrent liabilities also decreased by approximately \$51,000 (-8.6%) due to a decrease in future planned gift annuity payments.

2024

Current liabilities increased by approximately \$274,000 (75.9%) mainly due to approximately 95.8% increase in Accounts payable on June 30, 2024.

Noncurrent liabilities increased by approximately \$34,000 (6.1%) due to an increase in future planned gift annuity payments offset by a new gift annuity obligation added in fiscal year 2024.

Deferred Inflows of Resources

2025

Deferred inflows of resources for gift annuities increased by approximately \$185,000 (10.9%) due to positive earnings on the gift annuity investment portfolio in fiscal year ending June 30, 2025.

2024

Deferred inflows of resources for gift annuities increased by approximately \$245,000 (16.8%) due to positive earnings on the gift annuity investment portfolio along with two new gift annuities in fiscal year ending June 30, 2024.

Net Position

The net position section of the statements of net position provides three classifications:

- 1) The net investment in capital assets reflects the Foundation's capital assets net of accumulated amortization.
- 2) The restricted net position is listed in two categories:
 - a) The restricted by donors category represents amounts which are available for spending in accordance with the donor's specified criteria and,
 - b) The permanent endowments category represents the Foundation's restricted nonexpendable funds, which are required to be held in perpetuity.
- 3) The unrestricted net position is the amounts available to the Foundation for any purpose in support of its mission.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

2025

The net position on June 30, 2025 increased to \$227.2 million, which is 11.8% more than the \$203.2 million in 2024.

The change in net position equals the excess of funds and pledges received over the amounts expended and amortized. For fiscal year 2025, the statements of revenues, expenses, and changes in net position reflects a \$24.0 million increase in net position (11.8%).

2024

The net position on June 30, 2024 increased to \$203.2 million, which is 10.8% more than the \$183.3 million in 2023.

The change in net position equals the excess of funds and pledges received over the amounts expended and amortized. For fiscal year 2024, the statements of revenues, expenses, and changes in net position reflects a \$19.9 million increase in net position (10.8%).

Statements of Revenues, Expenses, and Changes in Net Position

The purpose of the statements of revenues, expenses, and changes in net position is to provide the details of the Foundation's operating and nonoperating activities for the fiscal year. This includes the revenues displayed by major source (net of discounts), expenditures, and gains and losses received by the Foundation.

The statements of revenues, expenses, and changes in net position include the following categories:

- Operating revenues are revenues received from donors (i.e., contributions, etc.) and services provided (i.e., special events, etc.) to various customers and constituents of the Foundation.
- Operating expenses are detailed by expense type, which include program fees, scholarships, University support, and general administrative expenses.
- Operating income (loss) represents the amount of current year revenue less expenses and does not include nonoperating revenue.
- Nonoperating revenue (expense) is received from sources for which no service is provided by the Foundation (i.e., investments).
- Endowment contributions are received for permanent endowments from external sources.
- The change in net position is the result of the current year's excess revenues over expenses, which is also the change in total net position on the statements of net position.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Condensed Summary of Revenues, Expenses, and Changes in Net Position

(in thousands of dollars)

	2025	2024	2023	2025-2024	
				Increase (Decrease)	Change
Operating Revenues					
Contributions	\$ 18,506	\$ 19,067	\$ 22,341	\$ (561)	-2.9%
Other income	3,156	3,955	3,282	(799)	-20.2%
Total Operating Revenues	21,662	23,022	25,623	(1,360)	-5.9%
Less Operating Expenses	22,936	30,760	22,130	(7,824)	-25.4%
Operating Income (Loss)	(1,274)	(7,738)	3,493	6,464	83.5%
Nonoperating Revenues					
Interest earnings	1,364	1,711	764	(347)	-20.3%
Gain on sale of land holdings	-	534	623	(534)	-100.0%
Investment gains	18,685	17,448	13,096	1,237	7.1%
Nonoperating Revenues (Expenses)	20,049	19,693	14,483	356	-1.8%
Income (loss) before endowment contributions	18,775	11,955	17,976	6,820	57.0%
Endowment Contributions					
Contributions to endowments	5,235	7,908	3,114	(2,673)	-33.8%
Increase (Decrease) in Net Position	24,010	19,863	21,090	4,147	20.9%
Net position, beginning of the year	203,183	183,320	162,230	19,863	10.8%
Net position, end of the year	\$ 227,193	\$ 203,183	\$ 183,320	24,010	11.8%

The 2025 and 2024 statements of revenues, expenses, and changes in net position are on page 13 of the basic financial statements. The statements' highlights are as follows:

Operating Revenues

2025

Contributions decreased by approximately \$561,000 (-2.9%) compared to 2024. This was mainly due to sizable one-time Student Success donations recognized in 2024. Unrestricted and restricted gifts are classified as contributions whereas endowed gifts are classified as increases to the permanent endowment.

Other income also decreased by approximately \$799,000 (-20.2%) mainly as a result of the recognition of Due from the University revenue in 2024

2024

Contributions decreased by \$3.3 million (-14.7%) compared to 2023. This was mainly due to sizable one-time scholarship donations recognized in 2023. Unrestricted and restricted gifts are classified as contributions whereas endowed gifts are classified as increases to the permanent endowment.

Other income increased by approximately \$673,000 (20.5%) mainly due to the recognition of \$879,793 Due from the University revenue in 2024 associated with the transfer of the Vester Marine Science and Environmental Center property to the University as described in Note 8 – Related party transactions.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Operating Expenses

2025

The Foundation assisted the University in providing program services including salaries, scholarships, operating expenses, and equipment in the amount of \$22.9 million. This represented a 25.4% decrease from 2024.

The Foundation also provided direct University support of \$10.1 million. This 41.2% decrease compared to 2024 was mainly due to a one-time renovation and transfer of Foundation property to the University in 2024 as described in Note 6 — Capital assets.

2024

The Foundation assisted the University in providing program services including salaries, scholarships, operating expenses, and equipment in the amount of \$30.8 million. This represented a 39.0% increase from 2023.

The Foundation disbursed \$6.3 million for scholarships in 2024. This amount is a 7.6% increase from 2023 and represents the largest total Foundation scholarships awarded within a fiscal year.

The Foundation also provided direct University support of 17.2 million. This represented a 72.6% increase compared to 2023.

Nonoperating Revenue and Expense

2025

Nonoperating revenues were \$20.0 million in 2025. This approximately \$356,000 increase compared to 2024 was mainly due to investment gains of \$18.7 million in 2025. The Foundation also recognized interest earnings of approximately \$1.4 million in 2025, a 20.3% decrease compared to 2024.

2024

Nonoperating revenues increased by \$5.2 million mainly due to investment gains of \$17.4 million in 2024. The Foundation also recognized interest earnings of approximately \$1.7 million in 2024, a 124.1% increase compared to 2023.

Endowments

2025

Contributions to endowments that will benefit the University's faculty, staff, and students decreased by \$2.7 million in 2025 mainly due to two sizeable estate distributions received in 2024. During 2025, the Foundation received major endowed gifts for the benefit of a variety of university departments including Entrepreneurship, Physical Plant and Information Technology Services. The Foundation also received endowed gifts for a variety of scholarships in 2025.

2024

Contributions to endowments that will benefit the University's faculty, staff, and students increased by \$4.8 million compared to 2023. During 2024, the Foundation received major endowed gifts for the benefit of a variety of university programs including Arts related programming by WGPU and the Institute on Positive Aging. The Foundation also received endowed gifts for a variety of scholarships including a \$900,000 gift for the benefit of students majoring in science.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Statements of Cash Flows

The statements of cash flows display the cash provided and used for operating, investing activities, noncapital financing, and capital and related financing.

Operating activities include funds received (i.e., from private donors, fees, matching programs, etc.) and payments (i.e., for programs, scholarships, University support, etc.) made for the Foundation's operations.

Investing activities represent funds used to purchase investments and associated investment earnings.

Noncapital financing includes endowment contributions and interest paid on debt.

Capital and related financing activities include outflows of cash for debt service, capital expenses, and other notes payable and receivable.

Economic Outlook

The future of Florida Gulf Coast University is bright, as enrollment continues to be solid and the state continues to invest in the university. The fall headcount is 16,734 students which is the largest the university has ever experienced. Offering a nursing program with a 100% license exam pass rate, notable programs with national appeal, and a campus environment that is both unique and enjoyable, FGCU offers a lot for students to desire. The impact of FGCU is noticed, and the state legislature in the last several years has provided over \$200 million in capital investment, with the most recent allocation of \$21 million to allow the university to establish a presence in Charlotte County, Florida in partnership with Babcock Ranch, to be a focus of sustainability and resilience programming. The continued growth and infusion of capital investment in the university is an indication of the long-term value and benefit to the region, along with a clear signal the institution is sound from an academic and financial perspective. The number of alumni is now over 51,700 worldwide.

The Foundation has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or its results of operations during the next fiscal year.

Management believes the Foundation's overall position is strong. The Foundation has sufficient funds to cover its obligations.

Request for Information

This financial report is designed to provide the reader an overview of the Foundation. Questions regarding any information provided in this report should be directed to: Chief Financial Officer, Florida Gulf Coast University Foundation, Inc., 10501 FGCU Blvd. South, Fort Myers, Florida 33965, (239) 745-4365.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 40,767,052	\$ 43,921,793
Short term investments	7,961,605	-
Pledges receivable	1,886,720	1,904,243
Due from the University	371,738	384,000
Total Current Assets	50,987,115	46,210,036
Noncurrent Assets:		
Investments	174,826,044	157,252,882
Pledges receivable, net of current portion	3,759,552	1,658,815
Surrender value of insurance policy	515,051	447,371
Due from the University, net of current portion	-	495,793
Right to use lease assets, net	15,083	50,350
Total Noncurrent Assets	179,115,730	159,905,211
Total Assets	\$ 230,102,845	206,115,247
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 344,451	\$ 468,093
Unearned revenue	-	32,000
Gift annuities payable	134,497	134,910
Total Current Liabilities	478,948	635,003
Noncurrent Liabilities:		
Gift annuities payable, net of current portion	543,600	595,148
Total Noncurrent Liabilities	543,600	595,148
Total Liabilities	\$ 1,022,548	\$ 1,230,151
DEFERRED INFLOWS OF RESOURCES		
Gift annuities	\$ 1,886,706	\$ 1,701,796
NET POSITION		
Net investment in capital assets	\$ 15,083	\$ 50,350
Restricted:		
Expendable	102,106,882	84,931,109
Nonexpendable endowments	111,545,106	103,836,772
Unrestricted	13,526,520	14,365,069
Total Net Position	\$ 227,193,591	\$ 203,183,300

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

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating Revenues:		
Contributions	\$ 18,506,431	\$ 19,066,759
Other income	3,155,658	3,955,482
Total Operating Revenues	21,662,089	23,022,241
Operating Expenses:		
Program fees	5,178,061	5,009,357
Scholarships	5,567,135	6,326,386
University support	10,111,151	17,202,816
General and administrative expense	1,711,884	2,221,255
Return of restricted contribution	368,152	-
Total Operating Expenses	22,936,383	30,759,814
Operating Loss	(1,274,294)	(7,737,573)
Nonoperating Revenues:		
Interest earnings	1,364,235	1,711,564
Gain on sale of land holdings	-	533,983
Investment gains	18,685,483	17,447,888
Total Nonoperating Revenues	20,049,718	19,693,435
Income before endowment contributions	18,775,424	11,955,862
Endowment Contributions:		
Contributions to endowments	5,234,867	7,907,756
Change in net position	24,010,291	19,863,618
Net position, beginning of year	203,183,300	183,319,682
Net position, end of year	\$ 227,193,591	\$ 203,183,300

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

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Received from private donors	\$ 16,423,217	\$ 20,994,794
Received from other sources	3,631,713	3,107,689
Payments to the University for programs	(21,189,231)	(24,613,739)
Payments to suppliers for goods and services	<u>(1,702,578)</u>	<u>(1,652,615)</u>
Net cash used by operating activities	<u>(2,836,879)</u>	<u>(2,163,871)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	32,466,749	21,993,868
Purchases of investments	(44,525,979)	(32,457,834)
Investment earnings received	5,142,266	1,771,653
Proceeds from sale of land holdings	-	741,883
Interest earnings received	<u>1,364,235</u>	<u>1,711,564</u>
Net cash used by investing activities	<u>(5,552,729)</u>	<u>(6,238,866)</u>
Cash flows from noncapital financing activities:		
Endowment contributions	<u>5,234,867</u>	<u>7,907,756</u>
Net cash flows from noncapital related financing activities	<u>5,234,867</u>	<u>7,907,756</u>
Net change in cash and cash equivalents	(3,154,741)	(494,981)
Cash and cash equivalents, beginning of year	43,921,793	44,416,774
Cash and cash equivalents, end of year	<u><u>\$ 40,767,052</u></u>	<u><u>\$ 43,921,793</u></u>
Supplemental disclosures of noncash related investing activities:		
Net change in unrealized gain (loss)	<u><u>\$ 13,543,217</u></u>	<u><u>\$ 15,676,235</u></u>

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

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Reconciliation of operating income (loss) to net cash from (used by) operating activities:		
Operating income (loss)	\$ (1,274,294)	\$ (7,737,573)
Adjustments to reconcile operating income (loss) to net cash flows from (used by) operating activities:		
Change in allowance and present value discount of contributions and annuities	(394,380)	(181,876)
Deferred inflow of resources related to gift annuities	184,910	244,484
Amortization	-	37,320
Transfer of land to the University	35,267	3,887,500
Effect of changes in operating assets and liabilities:		
Due from the University	508,055	(879,793)
Prepaid expenses	-	48,215
Pledges receivable	(1,605,885)	2,191,568
Accounts payable	(123,642)	229,073
Gift annuity payable	(134,910)	(34,789)
Unearned revenue	(32,000)	32,000
Net cash from (used by) operating activities	<u>\$ (2,836,879)</u>	<u>\$ (2,163,871)</u>

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

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1 — Nature of organization and summary of significant accounting policies

Nature of Organization – The Florida Gulf Coast University Foundation, Inc. (the “Foundation”) was incorporated on April 21, 1993 as a Florida not-for-profit foundation under the provisions of Chapter 617 of the Florida Statutes. The Foundation is a direct support organization as certified by the Board of Regents on June 14, 1993. The Foundation was established to encourage, solicit, collect, receive, and administer gifts and bequests of property and funds for scientific, educational, and charitable purposes, for the advancement of Florida Gulf Coast University (the “University”) and its objectives.

Reporting Entity – The Foundation is considered a discrete component unit of the University due to the University’s budgetary oversight responsibility and due to the Foundation’s significant operational and financial relationships with the University. Management has determined no entities are required to be reported as component units of the Foundation.

Basis of Presentation and Accounting – The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the difference between assets and deferred outflows of resources (none in the current year) less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. These components are defined as follows:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – Includes funds *Restricted by donors – Expendable, Nonexpendable endowments*
 - *Expendable* – Includes funds whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by passage of time.
 - *Nonexpendable Endowments* – Includes funds subject to donor-imposed stipulations that they be maintained permanently by the Foundation to use all or part of the related investment return for general or specific purposes in support of the University.
- Unrestricted – Consists of funds that do not meet the definition of “restricted”.

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1 — Nature of organization and summary of significant accounting policies (continued)

When unrestricted and restricted resources are available, the Foundation's practice is to apply restricted resources first, then unrestricted resources as needed. When internally committed unrestricted resources and restricted resources are available, the Foundation's practice is to first apply internally designated unrestricted resources, then restricted resources, and finally unrestricted resources as needed.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Foundation considers cash on hand, cash on deposit, money market mutual funds, and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Pledges Receivable – Pledge receivables are recorded at estimated present value at the date of the gift, less an appropriate reserve for uncollectible amounts. Amounts expected to be received after one year are discounted using the appropriate risk-free rate. The Foundation does not require collateral in relation to these receivables. Endowment pledges are not recognized until all time requirements have been met which generally occurs when resources are received.

Fair Value Measurement – Investments and surrender value of insurance policy are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determinations, other than those measured using the net asset value ("NAV") as a practical expedient, are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements):

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy, is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Realized and unrealized gains and losses are reflected in the statements of revenues, expenses, and changes in net position.

Investments – The Foundation's investment policy allows for investments in domestic equities, international equities, fixed income, and alternatives. For fixed income instruments, the Foundation's investment policy allows for investment in domestic, global, U.S. inflation protected, U.S. high yield emerging market bonds, short-term bonds, multi-sector bond, unconstrained bond, and cash equivalents. For alternatives instruments, the Foundation's investment policy allows for private equity, absolute return (hedge funds), real assets, and commodities.

Short term Investments – US Treasury Bills, US Treasury Notes and Certificates of Deposits with a maturity of less than one year are reported at amortized cost.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 1 — Nature of organization and summary of significant accounting policies (continued)

Capital assets – Land holdings are capitalized at cost if purchased or at acquisition value at the time of contribution. Prepaid leases are capitalized at cost and amortized over the life of the lease period using a straight-line method.

Unearned Revenue – Unearned revenue results from the Foundation receiving payment in the period before the performance time has occurred.

Gift Annuity Payable – The Foundation is obligated under charitable gift annuity agreements. The obligations were calculated based on actuarial assumptions and the fair values at the dates of receipt. The Foundation has recorded an annuity payable equal to the present value of the total anticipated future payments to the beneficiaries.

Deferred Inflows of Resources – In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Foundation has one item that meets the criterion for this category related to gift annuity payments. This amount is deferred and recognized as an inflow of resources in the period the amount becomes available.

Income Taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv).

Operating and Nonoperating Activities – The Foundation's operating income includes all revenues and expenses associated with the Foundation's daily activities in support of the University's programs. Interest and net investment earnings are excluded from operating income and classified as nonoperating revenues. Contributions received for endowments are also excluded from operating and nonoperating activities and are classified as endowment contributions.

Revenue Recognition – Contributions are recognized as increases in net position when pledged provided all eligibility requirements have been met, with the exception of pledges to the endowment which are recognized when received. Assets donated to the Foundation are recorded at their estimated acquisition value at the date of donation. Real estate donated for the advancement of the University is reported as Land Holdings pending sale or transfer to the University. Revenues associated with irrevocable split-interest agreements, like charitable gift annuities, are recognized when the resources become applicable to the reporting period.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets, liabilities, and deferred inflow of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Management has evaluated subsequent events through October 21, 2025 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation's policy regarding custodial credit risk is to hold non-invested cash in a financial institution covered by the Federal Deposit Insurance Corporation ("FDIC") not exceeding the limit of FDIC coverage. Non-invested cash in excess of FDIC coverage will be held in a certified Qualified Public Depository (QPD) as identified by the Florida Security for Public Deposits Act, Chapter 280, Florida Statute. On June 30, 2025 and 2024, the bank balances totaled \$28,971,740 and \$35,122,601, respectively. Of the bank balance, \$729,963 and \$501,545, respectively, were covered by FDIC with the remainder collateralized under the Florida Security for Public Deposits Act. The Foundation also had cash held on deposit with investment managers on June 30, 2025 and 2024 totaling \$5,139,278 and \$2,496,005, respectively, of which \$671,672 and \$719,401, respectively, were covered by the Securities Investor Protection Corporation.

The Foundation has an account with the State Treasury Special Purpose Investment Account ("SPIA"). This account represents ownership of a share of the Florida Treasury Investment Pool, not the underlying securities. On June 30, 2025 and 2024, the Florida Treasury Investment Pool carried a credit rating of AA-f by Standard & Poor's and had an effective duration of 3.33 and 3.23 years, respectively. On June 30, 2025 and 2024, the Foundation had cash equivalents of \$6,774,369 and \$6,519,695, respectively, with the SPIA.

Designated Cash – Starting July 2010, the Foundation's board decided to annually designate a portion of unrestricted cash to a scholarship reserve. The scholarship reserve will be determined and approved as part of the annual operating budget. This reserve will be used at the Foundation's discretion to support endowed scholarships that are unable to fund their annual allotment. On June 30, 2025 and 2024, the scholarship reserve was \$3,193,775 and \$2,992,100, respectively.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments (continued)

Investments consist of the following on June 30, 2025:

		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)
Investments by fair value level				
Equity Investments				
U.S. Equities	\$ 31,400,012	\$ 31,400,012	\$ -	\$ -
Mutual Funds				
U.S. Portfolio	37,867,944	37,867,944	-	-
International Equities	42,580,975	42,580,975	-	-
Fixed Income	31,957,646	31,957,646	-	-
	<u>112,406,565</u>	<u>112,406,565</u>	<u>-</u>	<u>-</u>
Fixed Income Investments				
Asset-Backed Securities	175,722	-	175,722	-
Mortgage-Backed Securities	341,688	-	341,688	-
Corporate Bonds	8,658,502	-	8,658,502	-
Government Obligations	3,596,067	-	3,596,067	-
Municipal Bonds	6,549,532	-	6,549,532	-
U.S. Treasury Notes	10,390,419	10,390,419	-	-
	<u>29,711,930</u>	<u>10,390,419</u>	<u>19,321,511</u>	<u>-</u>
Certificates of Deposit	4,000,000	-	4,000,000	-
Total investments by fair value level	<u>\$ 177,518,507</u>	<u>\$ 154,196,996</u>	<u>\$ 23,321,511</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) or its equivalent				
Other Investments				
Private Investments	<u>5,269,142</u>			
Total investments measured at the NAV or its equivalent	<u>5,269,142</u>			
Total Investments measured at fair value	<u><u>\$ 182,787,649</u></u>			

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments (continued)

Investments consist of the following on June 30, 2024:

		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)
Investments by fair value level				
Equity Investments				
U.S. Equities	\$ 31,441,240	\$ 31,441,240	\$ -	\$ -
Mutual Funds				
U.S. Portfolio	39,027,200	39,027,200	-	-
International Equities	39,420,910	39,420,910	-	-
Fixed Income	23,321,568	23,321,568	-	-
	<u>101,769,678</u>	<u>101,769,678</u>	<u>-</u>	<u>-</u>
Fixed Income Investments				
Asset-Backed Securities	185,331	-	185,331	-
Mortgage-Backed Securities	543,121	-	543,121	-
Corporate Bonds	7,479,044	-	7,479,044	-
Government Obligations	3,720,565	-	3,720,565	-
Municipal Bonds	5,377,407	-	5,377,407	-
U.S. Treasury Notes	2,038,562	2,038,562	-	-
	<u>19,344,030</u>	<u>2,038,562</u>	<u>17,305,468</u>	<u>-</u>
Certificates of Deposit	4,000,000	-	4,000,000	-
Total investments by fair value level	<u>\$ 156,554,948</u>	<u>\$ 135,249,480</u>	<u>\$ 21,305,468</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) or its equivalent				
Other Investments				
Private Investments	<u>697,934</u>			
Total investments measured at the NAV or its equivalent	<u>697,934</u>			
Total Investments measured at fair value	<u><u>\$ 157,252,882</u></u>			

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments (continued)

Fair Value Measurement – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets.

Other information for investments measured at NAV or its equivalent follows:

June 30, 2025				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Private Investments	\$ 5,269,142	\$ 1,429,502	Not available	NA
Total investments measured at the NAV or its equivalent	<u>\$ 5,269,142</u>	<u>\$ 1,429,502</u>		
June 30, 2024				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Private Investments	\$ 697,394	\$ 220,850	Not available	NA
Total investments measured at the NAV or its equivalent	<u>\$ 697,394</u>	<u>\$ 220,850</u>		

Private Investments – The investment within this segment invests in private equity funds in the venture capital, buyout, capital restructuring sectors and real assets investment funds.

Custodial Credit Risk – The Foundation utilizes the services of an investment advisor and several investment managers to manage its portfolio.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

On June 30, 2025 and 2024, the Foundation's collective investment fund investments were uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Foundation's name.

The investment in mutual funds are not categorized as to custodial risk as they are not evidenced by securities that exist in physical or book entry form. These mutual funds are not rated by a nationally statistical rating organization.

There were no losses during the period due to default by counterparties to investment transactions.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of June 30, 2025, the maturities of the Foundation's fixed income investments were as follows:

		2025			
		Investment Maturities			
	Market Value	Less Than 1yr	1 - 5 years	5 - 10 years	Over 10 years
Investment Type:					
Mortgage-backed securities	\$ 341,688	\$ 138	\$ 211,032	\$ 130,518	\$ -
Corporate bonds	8,658,502	865,155	5,718,653	2,006,436	68,258
Government obligations	3,596,067	956,229	1,705,561	934,277	-
Asset-backed securities	175,722	-	-	175,722	-
Municipal bonds	6,549,532	924,334	2,816,578	2,808,620	-
U.S. treasury notes	10,390,419	3,961,605	6,428,814	-	-
	<u>\$ 29,711,930</u>	<u>\$ 6,707,461</u>	<u>\$ 16,880,638</u>	<u>\$ 6,055,573</u>	<u>\$ 68,258</u>

As of June 30, 2024, the maturities of the Foundation's fixed income investments were as follows:

		2024			
		Investment Maturities			
	Market Value	Less Than 1yr	1 - 5 years	5 - 10 years	Over 10 years
Investment Type:					
Mortgage-backed securities	\$ 543,121	\$ 3,181	\$ 236,863	\$ 303,077	\$ -
Corporate bonds	7,479,044	877,076	4,352,677	2,181,783	67,508
Government obligations	3,720,565	1,086,649	1,750,290	883,626	-
Asset-backed securities	185,331	-	-	185,331	-
Municipal bonds	5,377,407	870,194	1,925,468	2,581,745	-
U.S. treasury notes	2,038,562	-	1,945,874	92,688	-
	<u>\$ 19,344,030</u>	<u>\$ 2,837,100</u>	<u>\$ 10,211,172</u>	<u>\$ 6,228,250</u>	<u>\$ 67,508</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 2 — Cash, cash equivalents, and investments (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policy manages credit risk by limiting:

- A maximum equity holding of 5% in any single company as a percentage of cost of the total equity portfolio.
- A maximum equity holding of 15% in a single non-U.S. country as a percentage of market value of total equity portfolio.
- A maximum fixed income of 5% holdings in a single corporate issuer (excluding U.S. government and agencies) as a percentage of cost to total fixed income portfolio.

As of June 30, 2025 and 2024, the Foundation's fixed income investments were rated as follows:

2025			
Rating	Number	Fair Value	% Bond Holdings
AAA	12	\$ 2,185,339	7.36%
AA	76	20,080,279	67.58%
A	45	6,561,849	22.08%
BBB	2	884,463	2.98%
		<u>\$ 29,711,930</u>	

2024			
Rating	Number	Fair Value	% Bond Holdings
AAA	27	\$ 4,421,020	22.85%
AA	54	7,319,455	37.84%
A	50	6,816,958	35.24%
BBB	4	786,597	4.07%
		<u>\$ 19,344,030</u>	

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Foundation's investment in a single issuer. The Foundation's policy requires a maximum equity holding of 5% in any single company as a percentage at cost of the total equity portfolio, a maximum equity holding of 15% in a single non-U.S. country as a percentage at market value of total equity portfolio and a maximum fixed income of 5% holdings in a single corporate issuer (excluding U.S. government and agencies) as a percentage at cost of total fixed income portfolio.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates could adversely affect the fair value of an investment or deposit. The Foundation does not have any foreign currency risk as all investments are denominated in U.S. dollars.

Other Information – For management control, investments are pooled. Gains, losses, and investment income from the pool are allocated quarterly to the funds that participate in the pool based upon each fund's average quarterly balance.

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 3 — Endowments

The Endowment Fund account balances (including cash balances) subject to the administrative fees are comprised as follows at June 30:

	2025	2024
Eminent Scholars Program	\$ 18,001,161	\$ 16,757,568
Major Gifts Program	54,791,510	51,090,411
Other Endowment	84,231,226	70,950,628
Total endowment balance	<u>\$ 157,023,897</u>	<u>\$ 138,798,607</u>

The Foundation authorizes expenditures for the uses and purposes for which endowment funds were established.

The Foundation's general spending calculation for eligible endowments is 4.0% of the average market balances on December 31 for each of the immediately preceding three years. The following displays the total ending endowment balances for nonexpendable endowments or donor-restricted endowments on June 30:

	2025	2024
Total endowment balance	\$ 157,023,897	\$ 138,798,607
Less: appreciation portion deemed restricted expendable	45,478,791	34,961,835
Permanently restricted nonexpendable balance	<u>\$ 111,545,106</u>	<u>\$ 103,836,772</u>

Note 4 — Pledges receivable

Present value of the June 30, 2025 pledges receivable was calculated using the U.S. Treasury risk free discount rate of 3.96% along with an allowance for doubtful amounts based on historical collection rates. Pledges receivable are expected to be collected as follows:

2026	\$ 1,886,720
2027	1,227,060
2028	952,028
Thereafter	1,580,464
Total pledges receivable	<u>\$ 5,646,272</u>

Pledges receivable, net, are summarized as follows at June 30:

	2025	2024
Total pledges receivable	\$ 6,272,553	\$ 3,818,638
Less allowance for doubtful amounts	(77,781)	(6,610)
Less discount on future payments	(548,500)	(248,970)
Pledges receivable, net	<u>\$ 5,646,272</u>	<u>\$ 3,563,058</u>

JUNE 30, 2025 AND 2024

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Note 7 — Annuities payable (continued)

A summary of changes in annuities payable is as follows:

	<u>June 30, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2025</u>	<u>Current Portion</u>
Annuities payable	\$ 730,058	\$ -	\$ 51,961	\$ 678,097	\$ 134,497

	<u>June 30, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
Annuities payable	\$ 683,190	\$ 88,504	\$ 41,636	\$ 730,058	\$ 134,910

Note 8 — Related party transactions

The Foundation maintains a portion of its fixed income investments with Wasmer, Schroeder & Company, Inc. A Foundation board member was an officer of Wasmer, Schroeder & Company, Inc. during the fiscal years ended June 30, 2025 and 2024. The Foundation's investments managed by Wasmer, Schroeder & Company, Inc. on June 30, 2025 and 2024 totaled \$16,393,430 and \$14,370,283, respectively.

On June 28, 2024, the Foundation transferred the Vester Marine Science and Environmental Education Center property, with a book value of \$3,887,500, to the University. At the same time the Foundation and the University entered into an agreement where the University will reimburse the Foundation at \$32,000 per month for balance on the initial purchase of the property and 50% of the property's net restoration costs due to damages from Hurricane Ian. On June 30, 2025 and 2024, the total amount due from the University to the Foundation were \$371,738 and \$879,793 respectively.

Note 9 — Risk management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The Foundation carries commercial insurance for the risks of loss. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Foundation's insurance coverage during the past three years.

Note 10 — Contingencies

The Foundation participates in state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable state regulations. Any disallowance resulting from a regulatory audit may become a liability of the Foundation. Liabilities, if any, from such audits, if any, will be recorded when the amounts of such liabilities become reasonably determinable.

SUPPLEMENTARY INFORMATION

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
EMINENT SCHOLARS PROGRAM - SCHEDULES OF RECEIPTS, EXPENDITURES, AND
ENDOWMENT BALANCES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Beginning Corpus July 1, 2024	Beginning Balance July 1, 2024	Cash Contributions/ State Match Received	Investment Gains (Losses)	Expenditures	Ending Corpus June 30, 2025	Ending Balance June 30, 2025
Alico Endowed Chairs	\$ 2,105,512	\$ 4,463,545	\$ -	\$ 464,607	\$ 145,757	\$ 2,105,512	\$ 4,782,395
Backe Endowed Chair	1,000,001	1,475,328	-	153,563	51,814	1,000,001	1,577,077
Davis Endowed Chair	1,067,270	1,665,670	-	173,371	64,700	1,067,270	1,774,341
Moorings Park Endowed Chair	1,020,000	1,654,933	-	172,272	39,120	1,020,000	1,788,085
Southwest Florida Nursing Endowed Chair	1,144,768	3,274,688	1,075	340,986	35,480	1,145,843	3,581,269
Sproul Endowed Chair	600,000	896,501	-	93,312	35,000	600,000	954,813
Uncommon Friends Endowed Chair	1,021,000	1,495,501	-	155,658	58,400	1,021,000	1,592,759
Whitaker Endowed Chair	1,022,000	1,831,402	-	190,620	71,600	1,022,000	1,950,422
	<u>\$ 8,980,551</u>	<u>\$ 16,757,568</u>	<u>\$ 1,075</u>	<u>\$ 1,744,389</u>	<u>\$ 501,871</u>	<u>\$ 8,981,626</u>	<u>\$ 18,001,161</u>
	Beginning Corpus July 1, 2023	Beginning Balance July 1, 2023	Cash Contributions/ State Match Received	Investment Gains (Losses)	Expenditures	Ending Corpus June 30, 2024	Ending Balance June 30, 2024
Alico Endowed Chairs	\$ 2,105,512	\$ 4,179,129	\$ -	\$ 460,916	\$ 176,500	\$ 2,105,512	\$ 4,463,545
Backe Endowed Chair	1,000,001	1,383,782	-	150,246	58,700	1,000,001	1,475,328
Davis Endowed Chair	1,067,270	1,561,664	-	170,106	66,100	1,067,270	1,665,670
Moorings Park Endowed Chair	1,020,000	1,549,857	-	170,676	65,600	1,020,000	1,654,933
Southwest Florida Nursing Endowed Chair	1,144,768	2,988,252	-	331,831	45,395	1,144,768	3,274,688
Sproul Endowed Chair	600,000	838,364	-	93,237	35,100	600,000	896,501
Uncommon Friends Endowed Chair	1,021,000	1,398,602	-	153,999	57,100	1,021,000	1,495,501
Whitaker Endowed Chair	1,022,000	1,714,529	-	189,273	72,400	1,022,000	1,831,402
	<u>\$ 8,980,551</u>	<u>\$ 15,614,179</u>	<u>\$ -</u>	<u>\$ 1,720,284</u>	<u>\$ 576,895</u>	<u>\$ 8,980,551</u>	<u>\$ 16,757,568</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
**MAJOR GIFTS PROGRAM - SCHEDULES OF RECEIPTS, EXPENDITURES, AND
ENDOWMENT BALANCES**
FOR THE YEAR ENDED JUNE 30, 2025

Name of Major Gift	Beginning	Beginning	Cash			Ending	Ending
	Corpus July 1, 2024	Balance July 1, 2024	Contributions/ State Match Received	Investment Gains (Losses)	Expenditures	Corpus June 30, 2025	Balance June 30, 2025
Abernathy Kiwanis	\$ 100,000	\$ 128,639	\$ -	\$ 13,111	\$ 5,100	\$ 100,000	\$ 136,650
Alico	1,362,550	1,867,868	-	190,465	69,950	1,362,550	1,988,383
ASQ Aviation	100,000	163,539	-	17,027	6,400	100,000	174,166
BB&T	600,000	822,032	-	86,287	-	600,000	908,319
BCCDLM	226,000	293,596	-	30,118	10,950	226,000	312,764
Belcher/Oliff	170,639	223,277	3,000	22,947	8,700	173,639	240,524
Benson	260,911	361,220	-	37,096	12,400	260,911	385,916
Blue Shield of Florida	150,000	196,651	-	20,010	7,800	150,000	208,861
Bower Music Fund	558,940	793,090	-	82,547	30,900	558,940	844,737
Bower Music/Art Excellence	5,028,703	6,542,956	-	681,020	253,207	5,028,703	6,970,769
Campbell	175,000	233,683	-	23,918	7,750	175,000	249,851
Cobb	225,000	300,836	-	30,668	10,515	225,000	320,989
Collier	382,000	607,403	-	62,083	20,250	382,000	649,236
Conner #2	2,707,000	3,493,074	-	357,133	124,100	2,707,000	3,726,107
Conservancy	1,006,079	1,419,782	-	147,777	55,400	1,006,079	1,512,159
Edith Potter Deats	214,043	545,654	-	56,808	2,859	214,043	599,603
Embassy	150,082	244,819	-	25,492	400	150,082	269,911
Faith	606,070	806,247	-	82,560	23,850	606,070	864,957
Fifth Third	100,000	136,168	-	13,914	5,400	100,000	144,682
Golden Apple	150,000	291,188	-	30,236	3,200	150,000	318,224
Gralnick	387,500	507,937	-	51,841	19,175	387,500	540,603
Hilliard	150,000	209,002	-	21,309	8,200	150,000	222,111
Honors	221,693	363,584	-	37,839	14,200	221,693	387,223
Howard	700,000	947,557	-	96,288	37,200	700,000	1,006,645
Johnson	225,034	292,672	250,000	44,869	10,500	475,034	577,041
Kelly	4,580,886	6,242,006	-	638,130	246,200	4,580,886	6,633,936
Keys	150,000	200,452	-	20,571	7,050	150,000	213,973
Kleman	200,000	266,221	-	27,146	10,000	200,000	283,367
Kuss	173,334	244,690	-	25,310	3,065	173,334	266,935
Lester	58,750	76,073	-	7,918	3,000	58,750	80,991
Liebert #1	227,159	331,842	-	34,539	13,000	227,159	353,381
Liebert #2	90,911	122,106	-	12,488	3,900	90,911	130,694
Lucas	4,008,052	5,415,872	-	563,708	210,600	4,008,052	5,768,980
Lutgert	150,000	274,274	-	28,558	1,500	150,000	301,332
Lutgert College Of Business	853,992	1,218,771	-	126,860	47,300	853,992	1,298,331
Manchester	4,001,000	5,157,877	-	526,831	201,440	4,001,000	5,483,268
Manhattan	240,000	331,357	-	34,215	5,100	240,000	360,472
Meftah	1,035,500	1,227,529	-	125,856	45,200	1,035,500	1,308,185
Moorings Park	176,724	239,347	-	24,379	8,500	176,724	255,226
Nason	100,000	134,346	-	13,688	5,400	100,000	142,634
Northern Trust	150,000	271,125	-	28,227	1,400	150,000	297,952
O'Bannon	216,588	297,890	-	31,002	11,500	216,588	317,392
Oulton	659,329	832,236	85	85,453	22,700	659,414	895,074
Perry	242,350	316,139	-	32,181	12,500	242,350	335,820
Rockin' Christmas	100,400	133,953	-	13,632	5,300	100,400	142,285
Rogaski	150,000	197,380	-	20,254	6,900	150,000	210,734
Schoen Foundation	1,055,276	1,293,247	-	132,181	42,000	1,055,276	1,383,428
Siebert	317,411	416,725	-	42,479	16,400	317,411	442,804
Slocum	105,000	140,833	-	14,356	5,600	105,000	149,589
Stranahan	209,545	322,160	-	32,847	12,700	209,545	342,307
Sulick	150,050	204,782	-	20,875	8,100	150,050	217,557
SWFL Wine & Food	150,000	201,302	-	20,515	8,000	150,000	213,817
Tier Electric	100,000	128,850	-	13,217	3,825	100,000	138,242
Vitelli	1,273,006	1,630,728	-	166,229	61,408	1,273,006	1,735,549
von Arx	250,000	397,950	-	40,750	15,400	250,000	423,300
W. Thomas Howard	188,249	352,865	-	36,729	9,064	188,249	380,530
Wells Fargo	150,000	194,866	-	19,970	5,850	150,000	208,986
Williams	100,000	140,338	-	14,367	5,600	100,000	149,105
Zepcevski	250,000	341,805	-	34,948	11,850	250,000	364,903
	<u>\$ 37,820,756</u>	<u>\$ 51,090,411</u>	<u>\$ 253,085</u>	<u>\$ 5,273,772</u>	<u>\$ 1,825,758</u>	<u>\$ 38,073,841</u>	<u>\$ 54,791,510</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
**MAJOR GIFTS PROGRAM - SCHEDULES OF RECEIPTS, EXPENDITURES, AND
ENDOWMENT BALANCES**
FOR THE YEAR ENDED JUNE 30, 2024

Name of Major Gift	Beginning	Beginning	Cash			Ending	Ending
	Corpus	Balance	Contributions/ State Match	Investment	Expenditures	Corpus	Balance
	July 1, 2023	July 1, 2023	Received	Gains (Losses)		June 30, 2024	June 30, 2024
Abernathy Kiwanis	\$ 100,000	\$ 120,662	\$ -	\$ 13,177	\$ 5,200	\$ 100,000	\$ 128,639
Alico	1,362,550	1,749,688	-	195,180	77,000	1,362,550	1,867,868
ASQ Aviation	100,000	153,300	-	16,739	6,500	100,000	163,539
BB&T	600,000	758,987	-	83,583	20,538	600,000	822,032
BCCDLM	226,000	275,303	-	30,093	11,800	226,000	293,596
Belcher/Oliff	169,639	208,325	1,000	22,652	8,700	170,639	223,277
Benson	260,911	338,790	-	37,030	14,600	260,911	361,220
Blue Shield of Florida	150,000	184,408	-	20,143	7,900	150,000	196,651
Bower Music Fund	558,940	744,279	-	80,211	31,400	558,940	793,090
Bower Music/Art Excellence	5,029,703	6,132,619	(1,000)	669,737	258,400	5,028,703	6,542,956
Campbell	175,000	219,302	-	23,781	9,400	175,000	233,683
Cobb	225,000	282,208	-	30,728	12,100	225,000	300,836
Collier	382,000	569,861	-	61,842	24,300	382,000	607,403
Conner #2	2,707,000	3,272,277	-	360,697	139,900	2,707,000	3,493,074
Conservancy	1,006,079	1,324,017	-	146,565	50,800	1,006,079	1,419,782
Edith Potter Deats	214,043	495,151	-	54,953	4,450	214,043	545,654
Embassy	150,082	221,259	-	24,660	1,100	150,082	244,819
Faith	606,070	755,916	-	82,531	32,200	606,070	806,247
Fifth Third	100,000	127,631	-	14,037	5,500	100,000	136,168
Golden Apple	150,000	264,237	-	29,351	2,400	150,000	291,188
Gralnick	387,500	476,037	-	52,200	20,300	387,500	507,937
Hilliard	150,000	196,492	-	20,910	8,400	150,000	209,002
Honors	221,693	341,248	-	36,836	14,500	221,693	363,584
Howard	700,000	880,831	-	98,334	31,608	700,000	947,557
Johnson	225,034	273,711	-	29,811	10,850	225,034	292,672
Kelly	4,580,886	5,853,175	-	638,431	249,600	4,580,886	6,242,006
Keys	150,000	188,151	-	20,401	8,100	150,000	200,452
Kleman	200,000	249,522	-	27,399	10,700	200,000	266,221
Kuss	173,334	224,546	-	24,844	4,700	173,334	244,690
Lester	58,750	71,383	-	7,790	3,100	58,750	76,073
Liebert #1	227,159	311,121	-	34,021	13,300	227,159	331,842
Liebert #2	90,911	114,449	-	12,557	4,900	90,911	122,106
Lucas	4,008,052	5,077,800	-	552,172	214,100	4,008,052	5,415,872
Lutgert	150,000	257,004	-	28,070	10,800	150,000	274,274
Lutgert College Of Business	853,992	1,139,148	-	125,702	46,079	853,992	1,218,771
Manchester	4,001,000	4,833,201	-	530,976	206,300	4,001,000	5,157,877
Manhattan	240,000	310,571	-	34,086	13,300	240,000	331,357
Meftah	1,035,500	1,136,715	-	125,914	35,100	1,035,500	1,227,529
Moorings Park	176,724	223,965	-	24,982	9,600	176,724	239,347
Nason	100,000	125,872	-	13,874	5,400	100,000	134,346
Northern Trust	150,000	254,076	-	27,749	10,700	150,000	271,125
O'Bannon	216,588	280,251	-	29,539	11,900	216,588	297,890
Oulton	368,611	469,832	290,718	91,786	20,100	659,329	832,236
Perry	242,350	296,238	-	32,501	12,600	242,350	316,139
Rockin' Christmas	100,400	125,522	-	13,831	5,400	100,400	133,953
Rogaski	150,000	185,194	-	20,086	7,900	150,000	197,380
Schoen Foundation	955,276	1,105,778	100,000	129,869	42,400	1,055,276	1,293,247
Siebert	317,411	391,018	-	42,407	16,700	317,411	416,725
Slocum	105,000	132,116	-	14,417	5,700	105,000	140,833
Stranahan	209,545	302,478	-	32,582	12,900	209,545	322,160
Sulick	150,050	192,144	-	20,838	8,200	150,050	204,782
SWFL Wine & Food	150,000	188,754	-	20,548	8,000	150,000	201,302
Tier Electric	100,000	120,863	-	13,187	5,200	100,000	128,850
Vitelli	1,273,006	1,520,580	-	166,198	56,050	1,273,006	1,630,728
von Arx	250,000	374,184	-	39,466	15,700	250,000	397,950
W. Thomas Howard	188,249	331,542	-	35,123	13,800	188,249	352,865
Wells Fargo	150,000	183,119	-	19,547	7,800	150,000	194,866
Williams	100,000	131,035	-	14,616	5,313	100,000	140,338
Zepcewski	250,000	320,494	-	35,011	13,700	250,000	341,805
	<u>\$ 37,430,038</u>	<u>\$ 47,388,380</u>	<u>\$ 390,718</u>	<u>\$ 5,236,301</u>	<u>\$ 1,924,988</u>	<u>\$ 37,820,756</u>	<u>\$ 51,090,411</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENT OF NET POSITION BY ACCOUNT TYPE

JUNE 30, 2025

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,559,459	\$ 31,641,631	\$ 4,565,962	\$ 40,767,052
Short term investments	4,000,000	3,961,605	-	7,961,605
Pledges receivable	-	1,886,720	-	1,886,720
Due from the University	371,738	-	-	371,738
Total Current Assets	<u>8,931,197</u>	<u>37,489,956</u>	<u>4,565,962</u>	<u>50,987,115</u>
Noncurrent Assets:				
Investments	4,679,848	17,688,261	152,457,935	174,826,044
Pledges receivable, net of current portion	-	3,759,552	-	3,759,552
Surrender value of insurance policy	-	515,051	-	515,051
Right of use lease assets, net	15,083	-	-	15,083
Total Noncurrent Assets	<u>4,694,931</u>	<u>21,962,864</u>	<u>152,457,935</u>	<u>179,115,730</u>
Total Assets	<u>\$ 13,626,128</u>	<u>\$ 59,452,820</u>	<u>\$ 157,023,897</u>	<u>\$ 230,102,845</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 84,525	\$ 259,926	\$ -	\$ 344,451
Unearned revenue	-	-	-	-
Gift annuities payable	-	134,497	-	134,497
Total Current Liabilities	<u>84,525</u>	<u>394,423</u>	<u>-</u>	<u>478,948</u>
Noncurrent Liabilities				
Gift annuities payable, net of current portion	-	543,600	-	543,600
Total Noncurrent Liabilities	<u>-</u>	<u>543,600</u>	<u>-</u>	<u>543,600</u>
Total Liabilities	<u>\$ 84,525</u>	<u>\$ 938,023</u>	<u>\$ -</u>	<u>\$ 1,022,548</u>
DEFERRED INFLOWS OF RESOURCES				
Gift annuities	<u>\$ -</u>	<u>\$ 1,886,706</u>	<u>\$ -</u>	<u>\$ 1,886,706</u>
NET POSITION				
Net investment in capital assets	\$ 15,083	\$ -	\$ -	\$ 15,083
Restricted :				
Expendable	-	56,628,091	45,478,791	102,106,882
Nonexpendable endowment	-	-	111,545,106	111,545,106
Unrestricted	13,526,520	-	-	13,526,520
Total Net Position	<u>\$ 13,541,603</u>	<u>\$ 56,628,091</u>	<u>\$ 157,023,897</u>	<u>\$ 227,193,591</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
STATEMENT OF NET POSITION BY ACCOUNT TYPE

JUNE 30, 2024

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,571,704	\$ 36,159,695	\$ 2,190,394	\$ 43,921,793
Pledges receivable	-	1,904,243	-	1,904,243
Due from the University	384,000	-	-	384,000
Total Current Assets	<u>5,955,704</u>	<u>38,063,938</u>	<u>2,190,394</u>	<u>46,210,036</u>
Noncurrent Assets:				
Investments	8,033,709	12,610,960	136,608,213	157,252,882
Pledges receivable, net of current portion	-	1,658,815	-	1,658,815
Surrender value of insurance policy	-	447,371	-	447,371
Due from the University, net of current portion	495,793	-	-	495,793
Right of use lease assets, net	50,350	-	-	50,350
Total Noncurrent Assets	<u>8,579,852</u>	<u>14,717,146</u>	<u>136,608,213</u>	<u>159,905,211</u>
Total Assets	<u>\$ 14,535,556</u>	<u>\$ 52,781,084</u>	<u>\$ 138,798,607</u>	<u>\$ 206,115,247</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 88,137	\$ 379,956	\$ -	\$ 468,093
Unearned revenue	32,000	-	-	32,000
Gift annuities payable	-	134,910	-	134,910
Total Current Liabilities	<u>120,137</u>	<u>514,866</u>	<u>-</u>	<u>635,003</u>
Noncurrent Liabilities				
Gift annuities payable, net of current portion	-	595,148	-	595,148
Total Noncurrent Liabilities	<u>-</u>	<u>595,148</u>	<u>-</u>	<u>595,148</u>
Total Liabilities	<u>\$ 120,137</u>	<u>\$ 1,110,014</u>	<u>\$ -</u>	<u>\$ 1,230,151</u>
DEFERRED INFLOWS OF RESOURCES				
Gift annuities	<u>\$ -</u>	<u>\$ 1,701,796</u>	<u>\$ -</u>	<u>\$ 1,701,796</u>
NET POSITION				
Net investment in capital assets	\$ 50,350	\$ -	\$ -	\$ 50,350
Restricted :				
Expendable	-	49,969,274	34,961,835	84,931,109
Nonexpendable endowment	-	-	103,836,772	103,836,772
Unrestricted	14,365,069	-	-	14,365,069
Total Net Position	<u>\$ 14,415,419</u>	<u>\$ 49,969,274</u>	<u>\$ 138,798,607</u>	<u>\$ 203,183,300</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT TYPE

YEAR ENDED JUNE 30, 2025

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
Operating Revenues:				
Contributions	\$ 348,097	\$ 18,158,334	\$ -	\$ 18,506,431
Other income	433,814	2,721,844	-	3,155,658
Total Operating Revenues	<u>781,911</u>	<u>20,880,178</u>	<u>-</u>	<u>21,662,089</u>
Operating Expenses:				
Program services				
Program fees	165,760	5,012,301	-	5,178,061
Scholarships	5,250	5,561,885	-	5,567,135
University support	1,189,478	8,921,673	-	10,111,151
General and administrative expenses	1,711,884	-	-	1,711,884
Return of restricted contribution	-	368,152	-	368,152
Total Operating Expenses	<u>3,072,372</u>	<u>19,864,011</u>	<u>-</u>	<u>22,936,383</u>
Operating Loss	<u>(2,290,461)</u>	<u>1,016,167</u>	<u>-</u>	<u>(1,274,294)</u>
Nonoperating Revenues:				
Interest earnings	1,228,399	135,836	-	1,364,235
Investment gains	401,537	1,272,434	17,011,512	18,685,483
Total Nonoperating Revenues	<u>1,629,936</u>	<u>1,408,270</u>	<u>17,011,512</u>	<u>20,049,718</u>
Income (loss) before endowment contributions	<u>(660,525)</u>	<u>2,424,437</u>	<u>17,011,512</u>	<u>18,775,424</u>
Endowment Contributions:				
Contributions to endowments	-	-	5,234,867	5,234,867
Change in net position	<u>(660,525)</u>	<u>2,424,437</u>	<u>22,246,379</u>	<u>24,010,291</u>
Transfers	<u>(213,291)</u>	<u>4,234,380</u>	<u>(4,021,089)</u>	<u>-</u>
Net position, beginning of year	<u>14,415,419</u>	<u>49,969,274</u>	<u>138,798,607</u>	<u>203,183,300</u>
Net position, end of year	<u>\$ 13,541,603</u>	<u>\$ 56,628,091</u>	<u>\$ 157,023,897</u>	<u>\$ 227,193,591</u>

FLORIDA GULF COAST UNIVERSITY FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY ACCOUNT TYPE

YEAR ENDED JUNE 30, 2024

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
Operating Revenues:				
Contributions	\$ 337,884	\$ 18,728,875	\$ -	\$ 19,066,759
Other income	1,517,854	2,437,628	-	3,955,482
Total Operating Revenues	<u>1,855,738</u>	<u>21,166,503</u>	<u>-</u>	<u>23,022,241</u>
Operating Expenses:				
Program services				
Program fees	136,893	4,872,464	-	5,009,357
Scholarships	4,250	6,322,136	-	6,326,386
University support	3,175,899	14,026,917	-	17,202,816
General and administrative expenses	2,221,255	-	-	2,221,255
Total Operating Expenses	<u>5,538,297</u>	<u>25,221,517</u>	<u>-</u>	<u>30,759,814</u>
Operating Loss	<u>(3,682,559)</u>	<u>(4,055,014)</u>	<u>-</u>	<u>(7,737,573)</u>
Nonoperating Revenues:				
Interest earnings	1,526,876	184,688	-	1,711,564
Gain on sale of land holdings	533,983	-	-	533,983
Investment gains	347,676	1,133,499	15,966,713	17,447,888
Total Nonoperating Revenues	<u>2,408,535</u>	<u>1,318,187</u>	<u>15,966,713</u>	<u>19,693,435</u>
Income (loss) before endowment contributions	<u>(1,274,024)</u>	<u>(2,736,827)</u>	<u>15,966,713</u>	<u>11,955,862</u>
Endowment Contributions:				
Contributions to endowments	-	-	7,907,756	7,907,756
Change in net position	<u>(1,274,024)</u>	<u>(2,736,827)</u>	<u>23,874,469</u>	<u>19,863,618</u>
Transfers	1,904,632	4,487,431	(6,392,063)	-
Net position, beginning of year	<u>13,784,811</u>	<u>48,218,670</u>	<u>121,316,201</u>	<u>183,319,682</u>
Net position, end of year	<u>\$ 14,415,419</u>	<u>\$ 49,969,274</u>	<u>\$ 138,798,607</u>	<u>\$ 203,183,300</u>

**INDEPENDENT AUDITORS' 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***

To the Board of Directors,
Florida Gulf Coast University Foundation, Inc.:

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 the Florida Gulf Coast University Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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.

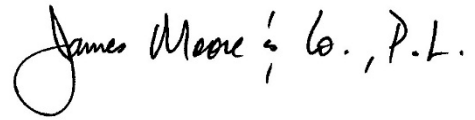
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Gainesville, Florida
October 21, 2025

APPENDIX H

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2025A Bonds in definitive form, Bryant Miller Olive P.A., Bond Counsel, proposes to render an approving opinion with respect to the Series 2025A Bonds in substantially the following form:

January 14, 2026

Florida Gulf Coast University
Financing Corporation
Fort Myers, Florida

Florida Gulf Coast University
Fort Myers, Florida

TD Bank, National Association,
as Trustee
Cherry Hill, New Jersey

\$23,575,000

**Florida Gulf Coast University Financing Corporation
Capital Improvement Revenue Bonds, Series 2025A
(Employee Housing Project)**

Ladies and Gentlemen:

We have served as Bond Counsel to the Florida Gulf Coast University Financing Corporation (the "Issuer"), a Florida not-for-profit corporation and certified as a direct support organization by The Florida Gulf Coast University Board of Trustees (the "University Board") within the meaning of Section 1004.28 of the Florida Statutes, in connection with the issuance by the Issuer of its Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project) (the "2025A Bonds"), pursuant to and under the authority of the Constitution of the State of Florida, Chapter 617, Section 1004.28 and Section 1010.62, Florida Statutes and other applicable provisions of law (collectively, the "Act"), a resolution of the Board of Directors of the Issuer adopted on November 7, 2025 (the "Resolution"), and the Amended and Restated Trust Indenture, dated as of July 1, 2013, as supplemented by the Fifth Supplemental Indenture to Amended and Restated Trust Indenture, dated as of December 1, 2025, by and between the Financing Corporation and TD Bank, National Association, as trustee (the "Trustee"), as further amended and supplemented (collectively, the "Indenture") and the Operating Agreement, dated as of December 1, 2025, by and between the Issuer and the University Board (the "Operating Agreement"). In such capacity, we have examined such laws and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of General Counsel of the University, as to the due creation and valid existence of the Issuer, the due adoption of the Resolution, and the due execution and delivery of the 2025A Bonds and the compliance by the Issuer with all conditions contained in resolutions of the Issuer precedent to the issuance of the 2025A Bonds.

The 2025A Bonds are payable from the Trust Estate which includes the Pledged Revenues under the Operating Agreement which Pledged Revenues are payable from Net Revenues of the Employee Housing System (as defined in the Operating Agreement), and payments made by the Florida Gulf Coast University Foundation, Inc. pursuant to the provisions of the Support Agreement, and moneys on deposit in certain funds and accounts established under the Indenture and investment earnings thereon, in the manner and to the extent provided in the Indenture. Pursuant to the terms, conditions and limitations contained in the Indenture, the Issuer has reserved the right to issue Additional Bonds in the future which shall have a lien equal to that of the 2025A Bonds.

The holders of the 2025A Bonds shall never have the right to compel taxation in any form for the payment of the principal of or interest on the 2025A Bonds. The Issuer has no taxing power.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

1. The Indenture constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.
2. The 2025A Bonds are valid and binding general obligations of the Issuer enforceable in accordance with their terms, and are additionally payable from and secured by the pledge of and lien upon the Trust Estate on a parity with any Additional Bonds hereafter issued,

subject to the limitations under the Indenture and the Operating Agreement, in the manner and to the extent provided in the Indenture.

3. The Indenture creates a valid lien upon the Trust Estate for the security of the 2025A Bonds on a parity with any Additional Bonds hereafter issued, all in the manner and to the extent provided in the Indenture.

4. Interest on the 2025A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the 2025A Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies with all requirements of Code that must be satisfied subsequent to the issuance of the 2025A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Indenture to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2025A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2025A Bonds.

It is to be understood that the rights of the owners of the 2025A Bonds and the enforceability thereof, and of the Indenture, 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.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the 2025A Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2025A Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2025A Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2025A Bonds or regarding the perfection or priority of the lien, except as provided in paragraph 3. with respect to the parity status of the 2025A Bonds, on the Trust Estate created by the Indenture. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the 2025A Bonds other than as expressly set forth herein.

Florida Gulf Coast University Financing Corporation
Florida Gulf Coast University
TD Bank, National Association, as Trustee
January 14, 2025
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Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Florida Gulf Coast University Financing Corporation (the “Financing Corporation”), the Florida Gulf Coast University Board of Trustees (the “University Board”), acting for and on behalf of Florida Gulf Coast University (the “University”) and the Division of Bond Finance of the State Board of Administration of Florida, as dissemination agent (the “Division”), in connection with the issuance by the Financing Corporation of its \$23,575,000 Capital Improvement Revenue Bonds, Series 2025A (Employee Housing Project) (the “Bonds”). This Disclosure Agreement is being executed and delivered pursuant to Section 9 of the resolution adopted by the Board of Directors of the Financing Corporation, on November 7, 2025, providing for the sale and issuance of the Bonds.

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter 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 Financing Corporation, the University Board, the Division, the Registered Owners, the Beneficial Owners, and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Amended and Restated Trust Indenture dated as of July 1, 2013, as supplemented by the Fifth Supplement to Amended and Restated Trust Indenture dated as of December 1, 2025, both between Financing Corporation and TD Bank, National Association, as trustee (collectively, the “Indenture”), and the definitions set forth in the Official Statement relating to the Bonds, 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 who (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 Financing Corporation assumes all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Financing Corporation hereby agrees to provide or cause the University Board or the Foundation, as applicable, to provide the information set forth below, or such information as may be required to be provided, from time to time, under the Rule. The Division, as dissemination agent, will be responsible for the filing of the information required by the Rule.

(1) Annual Financial Information and Operating Data. For the Fiscal Year ending on June 30, 2026, and thereafter, annual financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

- (a) Employee Housing System Revenues, Expenses, and Debt Service Coverage;
- (b) Employee Housing System rental and vacancy statistics;
- (c) Schedule of Employee Housing System rental rates;
- (d) Collection of Employee Housing System rent;
- (e) Graduate student enrollment; and
- (f) Personnel (full- and part-time faculty and staff) data for the fall semester.

(2) Audited Financial Statements. If not submitted as part of the annual financial information, copies of the audited financial statements for the Financing Corporation, the University, and the Foundation, 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 Financing Corporation or the University 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 Financing Corporation and the University Board acknowledge that their undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Registered Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Registered Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Resolution and shall be limited to a right to obtain specific enforcement of the Financing Corporation's and the University Board's obligations hereunder.

(B) Methods of Providing Information.

(1) 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.

(2) 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.

(3) 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.

(4) 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 annual financial information or operating data to be disclosed pursuant to paragraph (A)(1), the annual filing 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 Financing Corporation's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Financing Corporation 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 the Rule 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 Financing Corporation or the University Board chooses to include additional information not specifically required by this Disclosure Agreement, neither the Financing Corporation nor the University Board shall have no obligation under this Disclosure Agreement to update such information or include it in any such future submission.

Dated as of this 14th day of January, 2026.

FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION

By: _____
David Vazquez,
Executive Director

THE FLORIDA GULF COAST UNIVERSITY
BOARD OF TRUSTEES, a public body corporate
acting for and on behalf of FLORIDA GULF
COAST UNIVERSITY

By: _____
Authorized Officer

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

By: _____
J. Ben Watkins, III
Director and Assistant Secretary