



BOARD OF TRUSTEES RESOLUTION

Number: R08-49

Subject: Resolution for a Resolution Authorizing the Issuance of Debt and Requesting the Florida Board of Governors to Approve the Issuance of Such Debt to Finance the Construction of the East Campus Project on the East Campus of the University of Florida, Providing an Effective Date

Date: June 13, 2008

Section 1. The Board of Trustees (the "Board of Trustees") of the University of Florida (the "University") hereby authorizes the issuance of debt by the University of Florida Foundation, Inc. (the "UF Foundation") and requests the Florida Board of Governors (the "Board of Governors") to approve the issuance of debt in an amount not exceeding \$ 15,450,000.00 (the "Debt") for the purpose of financing the construction of the East Campus Office Building Project (the "Project") on the east campus of the University.

Section 2. The Project will consist of an approximately 80,000 gross square foot facility. The Project is reflected on the approved master plan for the University and is consistent with the mission of the University because it will allow the University to relocate functions from the University's main campus to help ameliorate building space and parking shortages on the main campus. Construction of the Project is expected to begin in January of 2009 and to be completed by January of 2010. Proceeds of the Debt are anticipated to be sufficient to complete the construction of the Project without the use of additional funds. Legislative approval of the Project is being obtained pursuant to the General Appropriations Act for 2008. No proceeds of the Debt will be used to finance operating expenses of the University.

Section 3. The Debt is to be secured by the unrestricted net assets of the UF Foundation. The UF Foundation is legally authorized to secure the Debt with its assets and earnings thereon pursuant to Section 1010.62, Florida Statutes. The University and UF Foundation will also enter into an agreement providing for the University to reimburse the UF Foundation for the Debt service from rents charged to University departments occupying the Project but this agreement will not be collateral for the Debt. The University is committed to ensuring that the Debt obligation will be paid.

Section 4. The Debt will mature not more than thirty (30) years after issuance, including any extensions or renewals thereof. The Project has an estimated useful life of 50 years, which is beyond the anticipated final maturity of the Debt. The Debt will bear interest at a variable interest rate.

Section 5. The Board of Trustees had determined that the UF Foundation has the requisite technical expertise to properly manage the risks and execution of variable rate Debt through UF Foundation staff, including the Associate Controller and Assistant Vice President. These individuals will be responsible for monitoring the variable interest rates paid on the Debt, establishing a variable rate debt service budget for the Debt and preparing the annual reports on variable rate debt required pursuant to the Debt Management Guidelines adopted by the Board of Governors on April 27, 2006, as subsequently amended by the Board of Governors (the "Debt Management Guidelines"). The variable interest rates on the Debt will be hedged by the unrestricted net assets of the UF Foundation.

Section 6. The Debt will be privately placed with The Northern Trust Bank, N.A. through negotiated sale. Unlike a fixed interest rate obligation, a variable rate loan does not lend itself to a competitive sale because the interest rate is continually changing. An analysis showing that a negotiated sale is desirable is attached in Appendix A.

Section 7. The Board of Trustees will comply, and will require the University and the UF Foundation to comply, with all requirements of federal and state law relating to the Debt, including but not limited to, laws relating to maintaining the exemption from taxation of interest payments on the Debt and continuing secondary market disclosure of information regarding the Debt.

Section 8. Matt Fajack, Vice President and Chief Financial Officer, and Ed Poppell, Vice President for Business Affairs and other authorized representatives of the University, are hereby authorized on behalf of the University to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other actions as they may deem necessary or desirable, in connection with the execution, sale and delivery of the Debt.

Section 9. In making the determination to finance the Project, the Board of Trustees has reviewed the information attached to Appendix A and finds that the issuance of the Debt is in compliance with the Debt Management Guidelines, the university's debt management policy, and applicable law.

Section 10. This Resolution shall take effect immediately upon its adoption.

Adopted this _____ day of ____ .

Brian C. Beach, Assistant Corporate Secretary

J. Bernard Machen, President

Appendix A

The following documents have been reviewed by the Board of Trustees prior to the execution of this Resolution:

- a. the project program;
- b. a draw schedule for the project;
- c. sources and uses of funds for the project;
- d. an estimated debt service schedule;
- e. a description of the security supporting repayment;
- f. a five year history of compliance with proposed Debt covenants;
- g. for variable rate debt, 1) the expected reduction in total borrowing costs; 2) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure; 3) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points; 4) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and UF Foundation debt outstanding;
- h. negotiated sale analysis.
- i. Northern Trust, N.A. term sheet