



NEW ISSUE - FULL-BOOK ENTRY

RATINGS: (See "Ratings" herein)

*In the opinion of Bond Counsel, assuming compliance by the Financing Corporation with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2017B 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 imposed on individuals and corporations. However, interest on the Series 2017B Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2017B Bonds.*



**\$7,795,000\***  
**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION**  
**Capital Improvement Refunding Revenue Bonds, Series 2017B**  
**(Parking Project)**

Dated: Date of Delivery

Due: February 1, as shown on the inside cover

The Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project) (the "Series 2017B Bonds") are being issued by the Florida Gulf Coast University Financing Corporation (the "Financing Corporation"). The Financing Corporation is a Florida not for profit corporation created to directly support the activities of Florida Gulf Coast University (the "University") and has been certified by the Board of Trustees of the University (the "University Board") as a University Direct Support Organization pursuant to §1004.28, Florida Statutes, as amended. The University is located in Fort Myers, Florida and was established by the Florida legislature as a component of the State University System of the State of Florida (the "State").

The Series 2017B Bonds are being issued pursuant to an Amended and Restated Trust Indenture, dated as of July 1, 2013, by and between the Financing Corporation and TD Bank, National Association, as trustee, as supplemented by the Second Supplemental Indenture to Amended and Restated Trust Indenture, dated as of October 1, 2017, as further amended and supplemented. The proceeds of the Series 2017B Bonds, together with other legally available funds, will be 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.

The Series 2017B Bonds are issuable as fully registered bonds, initially in the name of Cede & Co., as Registered Owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2017B Bonds. The Series 2017B Bonds will be dated as of the date of delivery, will mature in such years and amounts and will bear interest at the rates as set forth on the inside cover hereof and will be in denominations of \$5,000 or integral multiples thereof. Interest on the Series 2017B Bonds will be paid to the Owners thereof as of the close of business on the Record Date next preceding each Interest Payment Date. The Interest Payment Dates for the Series 2017B Bonds will be February 1 and August 1 of each year, beginning February 1, 2018, to maturity or earlier redemption.

**The Series 2017B Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein.**

The Series 2017B Bonds are payable solely from the Trust Estate as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS – Trust Estate" herein, including the right to receive Lease Payments (as hereafter defined) from the University under the Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013, between the Financing Corporation and the University, as supplemented pursuant to the First Supplemental Operating Lease, dated as of October 1, 2017, and as further amended and supplemented (the "Operating Lease"). The University's obligations under the Operating Lease to make Lease Payments for the payment of debt service on the Series 2017B Bonds are secured by a pledge of Net Revenues derived from the Parking System, as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS" herein. The right of the Financing Corporation to receive such Lease Payments will be assigned upon issuance of the Series 2017B Bonds to the Trustee pursuant to the Eighth Amended and Restated Assignment of Leases, dated as of June 1, 2013, as supplemented pursuant to the Supplemental Assignment, dated as of October 1, 2017.

**THE SERIES 2017B BONDS AND ALL PAYMENTS BY THE FINANCING CORPORATION THEREUNDER ARE GENERAL OBLIGATIONS OF THE FINANCING CORPORATION AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE (HEREINAFTER DEFINED) ON A PARITY WITH THE OUTSTANDING BONDS SUBJECT TO THE LIMITATIONS UNDER THE INDENTURE AND UNDER THE OPERATING LEASE (HEREINAFTER DEFINED). NO COVENANT OR AGREEMENT IN THE SERIES 2017B BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION THEREIN IMPOSED UPON THE FINANCING CORPORATION SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE 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 FINANCING CORPORATION NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.**

**WHILE THE SERIES 2017B 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 2017B BONDS OTHER THAN THE LEASE PAYMENTS FROM THE UNIVERSITY PURSUANT TO THE OPERATING LEASE. OWNERS OF THE SERIES 2017B BONDS SHOULD RELY SOLELY ON THE ABILITY OF THE UNIVERSITY TO MAKE PAYMENTS UNDER THE OPERATING LEASE FROM NET REVENUES OF THE PARKING SYSTEM FOR PAYMENT OF THE SERIES 2017B BONDS.**

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement including the appendices hereto, to obtain information essential to the making of an informed decision.

The Series 2017B Bonds are offered when, as and if issued and delivered to the Underwriters, subject to the approving opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Financing Corporation and the University Board by the University's General Counsel and by Bryant Miller Olive P.A., Miami, Florida, as Disclosure Counsel. Public Financial Management, Inc., Orlando, Florida, is acting as financial advisor to the Financing Corporation in connection with the issuance of the Series 2017B Bonds. Foley & Lardner, LLP is acting as counsel to the Underwriters. It is expected that the Series 2017B Bonds in definitive book entry form will be available for delivery through DTC in New York, New York, on or about \_\_\_\_\_, 2017.

Morgan Stanley

SunTrust Robinson Humphrey

Wells Fargo Securities

Dated: \_\_\_\_\_, 2017

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2017B Bonds in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The Financing Corporation has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**\$7,795,000\***  
**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION**  
**Capital Improvement Refunding Revenue Bonds, Series 2017B**  
**(Parking Project)**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES  
AND INITIAL CUSIP NUMBERS**

\$ \_\_\_\_\_ Serial Series 2017B Bonds

<b><u>Maturity</u> (February 1)</b>	<b><u>Principal</u> <u>Amount</u></b>	<b><u>Interest</u> <u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u> <u>No.</u>**</b>
---	---	--	---------------------	---------------------	--------------------------------------

\$ \_\_\_\_\_ – \_\_\_\_\_% Series 2017B Term Bond Due February 1, 20\_\_ – Yield \_\_\_\_\_% – Price \_\_\_\_\_ – CUSIP No. \*\*

\* Preliminary, subject to change.

\*\* Neither the Financing Corporation nor the Underwriters are responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Preliminary Official Statement.

No dealer, broker, salesman or other person has been authorized by the Financing Corporation to give any information or to make any representations in connection with the Series 2017B Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Financing Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2017B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Financing Corporation, DTC, the Underwriters and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financing Corporation with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2017B Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2017B BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE FINANCING CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2017B BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTION "BONDHOLDERS' RISKS" HEREIN. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT. ASIDE FROM ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE REPORTING, THE FINANCING CORPORATION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters listed on the cover page hereof have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to website addresses presented herein, including the Financing Corporation's website or any other website containing information about the Financing Corporation, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this official statement for any purpose including for purposes of Rule 15c2-12 promulgated by the securities and exchange commission.

# TABLE OF CONTENTS

Page No.

INTRODUCTION .....	1
AUTHORIZATION FOR SERIES 2017B BONDS.....	2
PURPOSE OF THE SERIES 2017B BONDS .....	3
THE REFUNDING PLAN .....	3
THE STATE UNIVERSITY SYSTEM.....	3
THE SERIES 2017B BONDS .....	4
General .....	4
Redemption Provisions.....	5
Selection of Series 2017B Bonds to Be Redeemed.....	6
Effect of Redemption.....	6
Book-Entry Only System .....	6
SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS.....	8
Pledge of Trust Estate.....	8
Pledge of Net Revenues .....	9
Financing Corporation Rate Covenant Under Indenture .....	10
University Rate Covenant Under Operating Lease .....	10
Parking System Revenues and Debt Service Coverage.....	10
No Debt Service Reserve Account.....	11
Additional Parity Debt Under Operating Lease.....	11
Additional Bonds Under Indenture .....	12
Outstanding Parking System Bonds .....	13
THE PARKING SYSTEM.....	13
Parking Rates.....	14
Parking System Payments .....	14
Parking System Fees and Revenues .....	14
FLORIDA GULF COAST UNIVERSITY.....	15
General .....	15
Board of Trustees .....	16
University Administration .....	16
Faculty .....	18
Employees.....	19
Student Admission .....	19
Student Enrollment .....	20
Degrees Granted .....	20
Student Tuition and Fees .....	21
Financial Aid .....	22
Facilities .....	22
Research Programs .....	23
Athletics .....	23
The Foundation.....	23
Limited Role in Connection with the Series 2017B Bonds .....	24
THE FINANCING CORPORATION .....	24
THE INDENTURE.....	24
Description of Rate Periods .....	24
Sinking Fund; Payment by Financing Corporation .....	24
Application of Revenues.....	25

Payment of Interest and Principal.....	25
Events of Default .....	26
Acceleration.....	26
Amendments Without Consent of Owners.....	27
Amendments With Consent of Owners or Credit Facility Provider/Bond Insurer.....	27
Other Provisions of the Indenture.....	28
THE OPERATING LEASE .....	28
Termination .....	28
Lease Payments and Rent.....	29
Pledge of Revenues.....	30
Application of Parking System Revenues .....	30
Condemnation.....	31
Casualty .....	32
Default.....	34
ESTIMATED SOURCES AND USES OF FUNDS .....	36
DEBT SERVICE SCHEDULE .....	37
BONDHOLDERS' RISKS.....	38
General.....	38
Lease Payments and Enrollment .....	38
Prepayment Risk.....	38
Damage or Destruction Risk .....	38
Maintenance of Tax-Exempt Status of Interest on the Series 2017B Bonds .....	39
Risk of Audit by Internal Revenue Service .....	39
Government Regulation.....	39
State Funding for the University .....	39
Variable Rate Demand Obligation Tender Risk .....	40
Secondary Market for Series 2017B Bonds .....	40
Hurricanes and Natural Disasters.....	40
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS .....	41
CONTINUING DISCLOSURE.....	41
LITIGATION .....	41
TAX MATTERS.....	42
General.....	42
Information Reporting and Backup Withholding.....	43
Other Tax Matters.....	43
Tax Treatment of Original Issue Discount .....	44
Tax Treatment of Bond Premium .....	44
FINANCIAL ADVISOR.....	45
UNDERWRITING .....	45
CONTINGENT FEES .....	46
ENFORCEABILITY OF REMEDIES.....	46
RATINGS.....	47
LEGAL MATTERS.....	47
FINANCIAL STATEMENTS.....	47
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT.....	48
AUTHORIZATION OF OFFICIAL STATEMENT.....	49

**APPENDICES:**

APPENDIX A –	Florida Gulf Coast University Financing Corporation Financial Statements for Fiscal Year ended June 30, 2017
APPENDIX B –	Florida Gulf Coast University Financial Statements for Fiscal Year ended June 30, 2016
APPENDIX C –	Indenture
APPENDIX D –	Operating Lease
APPENDIX E –	Form of Bond Counsel Opinion
APPENDIX F –	Form of Continuing Disclosure Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]



## OFFICIAL STATEMENT

*Relating to*

**\$7,795,000\***

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
Capital Improvement Refunding Revenue Bonds, Series 2017B  
(Parking Project)**

### INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices, is to provide information concerning the proposed issuance by the Florida Gulf Coast University Financing Corporation (the "Financing Corporation") of its Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project) (the "Series 2017B Bonds"). Capitalized terms not otherwise defined which are used in this Official Statement shall have the same meanings as ascribed to them in the Amended and Restated Trust Indenture, dated as of July 1, 2013, by and between the Financing Corporation and TD Bank, National Association, as trustee (the "Trustee"), a copy of which is included in APPENDIX C hereto, as supplemented by the Second Supplemental Indenture to Amended and Restated Trust Indenture, dated as of October 1, 2017, a form of which is included in APPENDIX C hereto, as further amended and supplemented (collectively, the "Indenture") or the Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013, between the Financing Corporation and the University, as supplemented pursuant to the First Supplemental Operating Lease, dated as of October 1, 2017, and as further amended and supplemented (collectively, the "Operating Lease"), as applicable. See "APPENDIX C – Indenture" and "APPENDIX D – Operating Lease" attached hereto.

Proceeds of the Series 2017B Bonds, together with other legally available funds of the Financing Corporation, will be used to (i) refund the outstanding Capital Improvement Revenue Bonds, Series 2007C (Parking Project) (the "Series 2007 Bonds" or the "Refunded Bonds") and (ii) pay costs relating to the issuance of the Series 2017B Bonds.

The Series 2017B Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida (the "State"), particularly Chapter 617, Section 1004.28 and Section 1010.62, Florida Statutes and other applicable provisions of law (collectively, the "Act"), a resolution adopted by the Board of Directors of the Financing Corporation on October 13, 2017, the Indenture and the Operating Lease.

The Series 2017B Bonds are payable solely from the Trust Estate as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS – Trust Estate" herein, including the right to receive Lease Payments (as hereafter defined) from the University under the Operating Lease. The University's obligations under the Operating Lease to make Lease Payments for the payment of debt service on the Series 2017B Bonds are secured by a pledge of Net Revenues derived from the complete parking system owned, operated and maintained by the University (the "Parking System"), as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS" herein. The right of the Financing Corporation to receive such Lease Payments will be assigned upon issuance of the Series 2017B Bonds to the Trustee pursuant to the Eighth Amended and Restated Assignment of Leases, dated as of June 1, 2013, as supplemented pursuant to the Supplemental Assignment, dated as of October 1, 2017.

---

\* Preliminary, subject to change.

The Series 2017B Bonds are payable on a parity with the Outstanding Parking System Bonds, as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS – Outstanding Parking System Bonds" herein and any Additional Bonds hereafter issued. The Financing Corporation may issue Additional Bonds under the Indenture as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS – Additional Bonds" herein. The University's Lease Payments for payment of debt service on the Series 2017B Bonds are payable on a parity with the Lease Payments with respect to all Outstanding Parking System Bonds. The University can incur Additional Parity Obligations under the Operating Lease as described under "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS – Additional Parity Obligations Under the Operating Lease" herein.

**THE SERIES 2017B BONDS AND ALL PAYMENTS BY THE FINANCING CORPORATION THEREUNDER ARE GENERAL OBLIGATIONS OF THE FINANCING CORPORATION AND ARE ADDITIONALLY PAYABLE FROM AND SECURED BY THE PLEDGE OF AND LIEN UPON THE TRUST ESTATE (HEREINAFTER DEFINED) ON A PARITY WITH THE OUTSTANDING BONDS, SUBJECT TO THE LIMITATIONS UNDER THE INDENTURE AND UNDER THE OPERATING LEASE. NO COVENANT OR AGREEMENT IN THE SERIES 2017B BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION THEREIN IMPOSED UPON THE FINANCING CORPORATION SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS OF THE STATE UNIVERSITY SYSTEM OF FLORIDA (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 FINANCING CORPORATION NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.**

**WHILE THE SERIES 2017B 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 2017B BONDS OTHER THAN THE LEASE PAYMENTS FROM THE UNIVERSITY PURSUANT TO THE OPERATING LEASE. OWNERS OF THE SERIES 2017B BONDS SHOULD RELY SOLELY ON THE ABILITY OF THE UNIVERSITY TO MAKE PAYMENTS UNDER THE OPERATING LEASE FROM NET REVENUES OF THE PARKING SYSTEM FOR PAYMENT OF THE SERIES 2017B BONDS.**

The description of the Series 2017B Bonds and of the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references herein to such documents, agreements and reports are qualified in their entirety by reference to such documents, agreements and reports. All summaries herein of the Series 2017B Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements. Copies of documents and reports not reproduced in this Official Statement and further information with regard to the Financing Corporation and the Series 2017B Bonds may be obtained from the Financing Corporation at the following address: Florida Gulf Coast University Financing Corporation, 10501 FGCU Boulevard, South, Fort Myers, FL 33965, Attention: Vice President of Administrative Services and Finance.

#### **AUTHORIZATION FOR SERIES 2017B BONDS**

The Financing Corporation is authorized under Chapter 1004, Part II, and Chapter 1010, Part IV, Florida Statutes, as amended, to issue revenue bonds to finance capital projects to provide facilities necessary and desirable to serve the needs and purposes of the University. The Financing Corporation

approved the issuance of the Series 2017B Bonds pursuant to its resolutions adopted on June 7, 2017 and October 13, 2017. The University Board approved the issuance of the Series 2017B Bonds on June 13, 2017 and the Board of Governors granted required approvals through its approval of the issuance of the Refunded Bonds on January 25, 2007.

The Financing Corporation has approved the issuance of its Capital Improvement Refunding Revenue Bonds, Series 2017A (Housing Project) (the "Series 2017A Housing Bonds") which will be issued at the same time as the Series 2017B Bonds. The Series 2017A Housing Bonds are payable from Lease Payments made by the University under the Operating Lease that are secured by Housing System Revenues, as described in the Operating Lease attached hereto as APPENDIX D. The Series 2017A Housing Bonds are not offered by this Official Statement and will not be payable from Parking System Revenues. An Event of Default resulting from non-payment of the Housing System Bonds will not cause an Event of Default with respect to the Parking System Bonds. See "THE INDENTURE – Events of Default" herein for a description of Events of Default with respect to the Parking System Bonds.

### **PURPOSE OF THE SERIES 2017B BONDS**

Proceeds from the Series 2017B Bonds, together with other legally available funds of the Financing Corporation, will be used to (i) refund the Refunded Bonds and (ii) pay costs relating to the issuance of the Series 2017B Bonds.

### **THE REFUNDING PLAN**

The Financing Corporation has determined it can achieve present value savings in debt service payments by the current refunding of the Refunded Bonds. The Refunded Bonds will be redeemed prior to maturity on the date of issuance of the Series 2017B Bonds, at a redemption price of one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date. Upon delivery of the Series 2017B Bonds, the Financing Corporation will deposit a portion of the proceeds from the sale of the Series 2017B Bonds with the Trustee, in an amount that, together with any legally available funds provided by the Financing Corporation, will be sufficient to pay the principal of and interest on the respective series of Refunded Bonds on such redemption date.

### **THE STATE UNIVERSITY SYSTEM**

The Constitution of the State provides that adequate provision shall be made by law for, among other things, the operation and maintenance of institutions of higher learning within the State. Under this authority, the State has formulated a State University System that is operated by the Board of Governors.

The Board of Governors was established by Article IX, Section 7 of the Florida Constitution, effective January 7, 2003. The Board of Governors is authorized to operate, regulate, control and manage the State University System. The responsibilities of the Board of Governors include defining the mission of each university, ensuring the coordination and operation of the State University System and avoiding wasteful duplication of facilities or programs. The Board of Governors' management of the State University System is subject to the power of the legislature to appropriate funds. The Board of Governors

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

The State University System is comprised of the Board of Governors, the board of trustees at each college or university and in addition to the University, each of the following entities: the Florida State University, the University of Florida, the Florida Agricultural and Mechanical University, the University of South Florida, the Florida Atlantic University, the University of West Florida, the University of Central Florida, the Florida International University, the University of North Florida, Florida Polytechnic University and New College of Florida. There are approximately 150 private degree granting colleges and universities in the State which are not part of the State University System. Additionally, State community colleges within the State, offering four-year degree programs, are not part of the State University System.

Pursuant to Chapter 1001, Part IV, Florida Statutes, each college or university in the State University System has a thirteen (13) member board of trustees. Each board of trustees is a public body corporate with all the powers of a body corporate, including a corporate seal, the power to contract and be contracted with, to sue and be sued, to plead and be impleaded in all counts of law or equity and to give and receive donations. Each board of trustees is also vested with the authority to govern and set policy for its respective university, as necessary, to provide proper governance and improvement of the university in accordance with the law and with the rules of the Florida Board of Education. The University Board is known as "The Florida Gulf Coast University Board of Trustees."

See "FLORIDA GULF COAST UNIVERSITY" herein for more information regarding the University.

## **THE SERIES 2017B BONDS**

### **General**

The Series 2017B Bonds will be dated the date of delivery thereof and each maturity of the Series 2017B Bonds will bear interest at the respective Fixed Rate per annum set forth on the inside cover page hereof, initially payable on February 1, 2018 and semiannually thereafter on February 1 and August 1 of each year to maturity or earlier redemption, in lawful money of the United States of America, in immediately available funds delivered or transmitted by the Trustee to The Depository Trust Company ("DTC"). The Series 2017B Bonds will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereof. The Series 2017B Bonds will be issued (i) in fully registered Book-Entry Form and registered in the name of Cede & Co., as nominee for DTC without coupons and (ii) in the denominations of \$5,000 each and any integral multiples thereof. The principal of and interest on the Series 2017B Bonds will be payable in immediately available funds delivered or transmitted by the Trustee to DTC.

There will be one fully registered Series 2017B Bond for each maturity as set forth on the inside cover page hereof, in the aggregate principal amount of such maturity. For more information regarding DTC and DTC's Book Entry System. See "THE SERIES 2017B BONDS - Book-Entry Only System" herein.

## Redemption Provisions

### Optional Redemption

The Series 2017B Bonds maturing on or prior to February 1, 20\_\_ are not subject to redemption prior to their respective stated dates of maturity. The Series 2017B Bonds maturing on February 1, 20\_\_ and thereafter shall be subject to redemption prior to their stated dates of maturity, at the option and direction of the Financing Corporation, in whole or in part, in such maturities as the Financing Corporation, in its discretion, shall select (or if the Financing Corporation fails to designate such maturities, in inverse order of maturity) and by lot within a maturity if less than a full maturity, on any date on or after February 1, 20\_\_, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date set for redemption.

### Mandatory Redemption

The Series 2017B Bonds maturing on February 1, 20\_\_ are subject to mandatory sinking fund redemption from moneys deposited in the 2017B Redemption Subaccount in accordance with the terms of the Indenture, on February 1 of the years and in the principal amounts set forth below, plus interest accrued thereon to the date fixed for redemption, and without premium, as follows:

<u>February 1 of the Year</u>	<u>Amortization Installment</u>
-----------------------------------	-------------------------------------

\*

\* Maturity.

### Mandatory Redemption Upon Determination of Taxability

In the event of a Determination of Taxability, the Series 2017B Bonds will 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, but 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 Financing Corporation, which shall notify the Trustee in writing, and such contest shall not have continued for longer than two (2) years after the occurrence of such Determination of Taxability.

### Notice of Redemption

The Trustee shall, upon the written request and direction of the Financing Corporation to the Trustee at least forty-five (45) days prior to the redemption date, give notice of redemption to DTC at least thirty (30) but not more than sixty (60) 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 DTC as the address shown in the Indenture regarding any Series 2017B Bonds designated for redemption. The notice will identify the Series 2017B Bonds or portions of Series 2017B Bonds to be redeemed and will state (1) the redemption date and the redemption

price; (2) the identification, including complete designation of the series or sub-series of which the Series 2017B Bond is a part and CUSIP number; (3) if less than all outstanding Series 2017B 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 Series 2017B Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Series 2017B Bonds 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 Series 2017B Bonds to be redeemed is available to the Trustee on the redemption date or else such redemption shall not occur; and (5) the address where such Series 2017B 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.

### **Selection of Series 2017B Bonds to Be Redeemed**

If fewer than all the Series 2017B Bonds are to be redeemed, the Trustee will select Series 2017B Bonds by lot or other method it deems fair and appropriate. The Trustee will make the selection from Series 2017B Bonds not previously called for redemption. For this purpose, the Trustee will consider each Series 2017B Bond in a denomination larger than the minimum denomination permitted by the Series 2017B Bonds at the time to be separate Series 2017B Bonds each in the minimum denomination. Provisions of the Indenture that apply to Series 2017B Bonds called for redemption also apply to portions of Series 2017B Bonds called for redemption as well as remaining principal balances.

### **Effect of Redemption**

If sufficient funds are available to pay all principal, premium if any, and interest on Series 2017B Bonds called for redemption on any date and such funds have been set aside for the payment of such Series 2017B Bonds, such Series 2017B 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 Series 2017B Bonds called for optional redemption on any date, no optional redemption shall occur and such Series 2017B Bonds shall continue to bear interest.

### **Book-Entry Only System**

The information in this caption concerning DTC and DTC's book-entry system has been obtained from DTC and neither the Financing Corporation nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2017B Bonds. The Series 2017B Bonds will be issued as fully-registered securities 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 Series 2017B Bond certificate will be issued for each maturity and each interest rate within a maturity of each series of the Series 2017B Bonds, each in the aggregate principal amount of such interest rate and maturity of such series, and will be deposited with DTC.

DTC, the world's largest securities 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 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's 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. DTCC is owned by the users of its regulated subsidiaries. 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2017B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017B Bond ("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 the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017B 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 Series 2017B Bonds, except in the event that use of the book-entry system for the Series 2017B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017B 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 Series 2017B 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 Series 2017B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017B 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 Series 2017B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017B Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2017B Bonds may wish to ascertain that the nominee holding the Series 2017B 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 Deputy Registrar and Paying Agent 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 2017B Bonds of a maturity of a series 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 Series 2017B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Financing Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal of, redemption premium, if any, and interest on the Series 2017B 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 detail information from the Financing Corporation or the Deputy Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Deputy Registrar and Paying Agent, or the Financing Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, redemption premium, if any, and interest on the Series 2017B Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Financing Corporation or the Deputy Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017B Bonds at any time by giving reasonable notice to the Financing Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017B Bond certificates are required to be printed and delivered to the Beneficial Owners of the Series 2017B Bonds.

The Financing Corporation may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2017B Bond certificates will be printed and delivered to the Beneficial Owners of the Series 2017B Bonds.

## **SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS**

### **Pledge of Trust Estate**

The Series 2017B Bonds will be secured on a parity with the other Parking System Bonds Outstanding from time to time by a pledge of and a lien upon (a) all moneys and securities held from time to time by the Trustee under the Indenture, except moneys and securities held in the Rebate Account and (b) the following portions of the Collateral: the Financing Corporation's interest in the following property and rights in the Parking System, whether now owned or hereafter acquired:

- (i) the Ground Lease, the Phase XI Ground Lease and the Operating Lease, including all rights of the Financing Corporation to receive the Lease Payments relating to the



Parking System, except for the balance of the Revenue Fund as described in the Operating Lease and the Assignment;

- (ii) all Parking System accounts;
- (iii) all inventory, equipment and other tangible and intangible property of the Parking System;
- (iv) all contract rights, general intangibles and other rights and assets of the Parking System;
- (v) all Funds Collateral, not including the proceeds of any other series of Bonds deposited in the respective Project Accounts for each series of Bonds created and established under the Indenture; and
- (vi) 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 Parking System.

**THE SERIES 2017B BONDS AND ALL PAYMENTS BY THE FINANCING CORPORATION THEREUNDER ARE GENERAL OBLIGATIONS OF THE FINANCING CORPORATION 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 THEREUNDER AND UNDER THE OPERATING LEASE. NO COVENANT OR AGREEMENT IN THE SERIES 2017B BONDS, THE INDENTURE OR THE OTHER BOND DOCUMENTS AND NO OBLIGATION THEREIN IMPOSED UPON THE FINANCING CORPORATION SHALL CONSTITUTE A GENERAL OBLIGATION OF THE UNIVERSITY, THE UNIVERSITY BOARD, THE BOARD OF GOVERNORS, THE STATE 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 FINANCING CORPORATION NOR THE UNIVERSITY BOARD HAS ANY TAXING POWER.**

**WHILE THE SERIES 2017B 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 2017B BONDS OTHER THAN THE LEASE PAYMENTS FROM THE UNIVERSITY PURSUANT TO THE OPERATING LEASE. OWNERS OF THE SERIES 2017B BONDS SHOULD RELY SOLELY ON THE ABILITY OF THE UNIVERSITY TO MAKE PAYMENTS UNDER THE OPERATING LEASE FROM NET REVENUES OF THE PARKING SYSTEM FOR PAYMENT OF THE SERIES 2017B BONDS.**

#### **Pledge of Net Revenues**

The pledge of and lien upon the Parking System accounts portion of the Collateral is subject to the provisions of the Operating Lease. Under the Operating Lease, the University has pledged the Parking System Revenues (Net Revenues) as security for payment of its Lease Payment obligations relating to the Parking System Bonds. The Parking System Revenues are the Net Revenues from the Parking System. The Net Revenues are (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 Parking System during such 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 Parking System Bonds (and any other indebtedness payable from Gross Revenues of the Parking System) in the applicable period (to the extent the foregoing items are included as expenses). See "APPENDIX D – Operating Lease" attached hereto and see "THE OPERATING LEASE – Parking System Revenues" herein for a description of the flow of funds related to the Parking System Revenues and the funds and accounts established under the Operating Lease.

#### **Financing Corporation Rate Covenant Under Indenture**

The Financing Corporation has covenanted in the Indenture to require the University Board and the University to charge each year, for each enterprise system within the Parking System for which Parking System 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 Parking System Bonds during such year, with respect to the aggregate Outstanding Parking System Bonds and any Additional Parking System Bonds issued for such enterprise system, plus 100% of all other amounts payable from Net Revenues. The Financing Corporation has further agreed not to, and not to allow the University to, construct or operate 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.

#### **University Rate Covenant Under Operating Lease**

In accordance with the rate covenant described above, the University Board, acting for and on behalf of the University, has agreed that it will charge each year for the Parking System such rates and fees as are necessary to produce Net Revenues sufficient to pay one hundred twenty percent (120%) of the Principal Component and the Interest Component of the Base Rent due during such year with respect to the aggregate Additional Outstanding Parking System Bonds and any Additional Parity Obligations issued for such enterprise system within the Capital Project Facilities System and such Capital Project.

#### **Parking System Revenues and Debt Service Coverage**

The table below contains a historical statement of Parking System Revenues of the Parking System (Gross Revenues of the Parking System less Costs of Operation and Maintenance for the Parking System) for Fiscal Years ended June 30, 2012 through and including 2016 (audited) and June 30, 2017 (unaudited) and coverage on the Debt Service Component of the Lease Payments evidencing historical compliance with the rate covenants under the Indenture and the Operating Lease described above.

## HISTORICAL PARKING SYSTEM REVENUES AND DEBT SERVICE COVERAGE

	2012	2013	2014	2015	2016	2017
Parking System Gross Revenues <sup>(1)</sup>	\$2,857,685	\$3,059,905	\$3,244,944	\$3,360,923	\$3,475,079	\$3,507,415 <sup>(2)</sup>
Less: Parking System Costs of Operation and Maintenance	969,070	828,465	1,020,552	1,078,254	1,060,762	1,023,153 <sup>(2)</sup>
Parking System Net Revenues	\$1,888,615	\$2,231,440	\$2,224,392	\$2,282,669	\$2,414,317	\$2,484,262 <sup>(2)</sup>
Bond Debt Service Component of Lease Payments <sup>(3)</sup>	\$1,089,545	\$1,034,528	\$1,122,972	\$1,214,001	\$1,213,997	\$1,138,780
Coverage	1.73x	2.16x	1.98x	1.88x	1.99x	2.18x

(1) Includes Decal Fees, Transportation and Parking Fees and other miscellaneous revenue in connection with the Parking System including parking fines.

(2) Unaudited.

(3) Includes the Principal Component and Interest Component of Base Rent paid by the University under the Operating Lease for the Parking System Bonds Outstanding during such Fiscal Year, including the Refunded Bonds which are being refunded with proceeds of the Series 2017B Bonds for debt service savings.

Source: University Controller's Office

### No Debt Service Reserve Account

No Debt Service Reserve Account will be created or funded with respect to the Series 2017B Bonds and the Series 2017B Bonds shall **not** be secured by any other Debt Service Reserve Account in the Sinking Fund or any subaccount therein.

### Additional Parity Debt Under Operating Lease

The University has covenanted in the Operating Lease not to incur any other obligations, except under the conditions and in the manner provided therein, payable from the Net 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 Lease upon the Net Revenues. Any other obligations incurred by the University in addition to the obligations authorized in the Operating Lease or Additional Parity Obligations, payable from such Net Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the pledge of Net Revenues to secure the Lease Payments under the Operating Lease, as to lien on and source and security for payment from such Net Revenues.

Additional Parity Obligations, payable from the Net Revenues constituting Parking System Revenues on a parity with Lease Payment obligations presently required under the Operating Lease, may be incurred for the construction and acquisition of additions, extensions and improvements to a Capital Project or for refunding purposes only upon the conditions and in the manner provided in the Operating Lease, as described below:

A certificate shall be executed by the Financing Corporation or other appropriate State official setting forth: (1) the average amount of Parking System Revenues reasonably expected from the two Fiscal Years immediately following any acquisition, construction, renovation, or replacement of any capital assets or improvements financed with the proceeds of such Additional Parity Obligations taking

into account the revenues of the Capital Project financed by such Additional Parity Obligations; and (2) the Maximum Annual Debt Service on the Parking System Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued. The average amount of Parking System Revenues for the two immediately succeeding Fiscal Years, as certified by the University or other appropriate State official, will be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on the Parking System Bonds then Outstanding, and the Additional Parity Obligations then proposed to be issued.

In addition, the University may issue or incur obligations secured by or payable out of Net Revenues on a *pari passu* basis with the Lease Payment obligations of the University under the Operating Lease only if and to the extent that (a) the Operating Lease is not in default and the issuance of such additional obligations would not cause the Operating Lease to be in default and (b) after giving effect to such parity debt obligations, the Financing Corporation would have the ability to issue Additional Parity Obligations in like amount of Additional Bonds under the terms of the Indenture.

### **Additional Bonds Under Indenture**

Additional Bonds that are Parking 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 Parking System Bonds. 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 Parking System Bonds unless specifically provided by a Supplemental Indenture executed prior to the delivery of such series of Parking System Bonds.

Prior to the issuance of any Additional Bonds that will be Parking System Bonds, the Financing Corporation 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.

See "APPENDIX C – Indenture" attached hereto for a description of other certificates and documents that must be delivered prior to the issuance of Additional Bonds.

## Outstanding Parking System Bonds

The following Parking System Bonds are Outstanding as of August 1, 2017 under the Indenture payable from Parking System Revenues:

<b>Outstanding Parking System Bonds</b>	
<u>Parking System Bonds</u>	<u>Principal Amount Outstanding</u>
\$5,100,000 Florida Gulf Coast University Financing Corporation Amended and Restated Capital Improvement Revenue Bonds, Series 2005B <sup>(1)</sup>	\$4,500,000
\$10,000,000 Florida Gulf Coast University Financing Corporation Capital Improvement Revenue Bonds, Series 2007C (Parking Project) <sup>(2)</sup>	\$8,060,000
\$8,000,000 Florida Gulf Coast University Financing Corporation Capital Improvement Revenue Bonds, Series 2009A (Parking Project) <sup>(3)</sup>	\$6,720,000

(1) The Series 2005B Bonds represent a fixed rate loan (the "STING Loan") from STING Institutional & Government, Inc. ("STING") made in the form of the purchase by STING of the amended and restated Series 2005B Bonds pursuant to a Loan Agreement between the Financing Corporation and STING dated as of July 1, 2013, as amended pursuant to the First Amendment to Loan Agreement dated as of March 1, 2015 (collectively, the "STING Loan Agreement"). Pursuant to the STING Loan Agreement, the Series 2005B Bonds are subject to mandatory tender on July 1, 2028 unless not more than 120 days prior to such date STING notifies the Financing Corporation that it has determined not to tender the Series 2005B Bonds for purchase, in which case the Series 2005B Bonds will come due on February 1, 2035, the maturity date of the Series 2005B Bonds. Annual principal payments on the Series 2005B Bonds are amortized through February 1, 2035.

(2) These constitute Refunded Bonds to be refunded in full with proceeds of the Series 2017B Bonds.

(3) The Series 2009A Bonds bear interest at a variable rate. Liquidity is provided by an Irrevocable Letter of Credit dated May 7, 2009, issued by BMO Harris Bank N.A., which Letter of Credit expires on July 1, 2019.

Source: University Controller's Office

## THE PARKING SYSTEM

The Parking System is managed and operated by the University's Department of Safety and Security (the "Department"). The Parking System facilities are 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 8,849 vehicles. Included in the total number of parking spaces is student residence parking with 2,443 spaces, the athletic complex parking with 430 parking spaces and five parking garages (I – IV and South Village) with a total of 4,313 spaces. Currently, the Parking System facilities are comprised entirely of surface parking with the exception of the five covered parking garages. From 1997 until 2003, all main campus and athletic complex parking spaces required the purchase and display of a University parking decal. During this period, students living in the student-housing complex received a parking decal as a part of their rental fee. Since 2004, students are charged a mandatory transportation fee and a mandatory parking fee based upon number of enrolled credit hours each term (collectively, the "Transportation and Parking Fees") and do not need to separately purchase decals. See "FLORIDA GULF COAST UNIVERSITY – Student Admission" herein for information regarding historic student enrollment. Also, since 2004, University 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 (the "Decal Fee"). See "FLORIDA GULF COAST UNIVERSITY – Faculty" and "FLORIDA GULF COAST

UNIVERSITY - Employees" herein for information regarding historic numbers of full and part time faculty and staff of the University.

### **Parking Rates**

The University is authorized to charge traffic and parking fines, charges for parking decals and transportation assessment fees pursuant to Section 1009.24(14)(r), Florida Statutes, which fees may be pledged to the payment of revenue bonds issued by or on behalf of the University pursuant to Section 1010.62(2)(a), Florida Statutes. Rates for the Decal Fee and the Transportation and Parking Fee at the University are reviewed on an annual basis. The Director of the Department meets with a parking advisory committee early in the spring semester to make a recommendation for any rate increase that might become effective during the subsequent fall semester. If an increase is recommended, student government leaders and all students are informed through meetings and written communications, but they do not have the opportunity to vote on the fee proposals. In compliance with the standard practice established within the State University System concerning parking rates, the Department submits the recommendation prior to April 1 of each year to the University President's Office for submission to the University Board. The proposal is subsequently forwarded to the University Board for its approval. Rates may only be adjusted once a year, and any increase in rates does not become effective until August of the year in which the University Board approves such increase.

### **Parking System Payments**

Annual parking decals are purchased by staff before the beginning of fall term in August of each year. Semester decals are purchased for terms beginning in August, January and May. Decals can be purchased for cash or payroll deduction over either one or five or ten bi-weekly pay periods. The Transportation and Parking Fee is calculated at the same time as tuition each semester and is due after the first week of classes. Students with financial aid awards and the prepaid college program are given payment deferments until later in the semester when financial aid checks are received.

Students with outstanding balances have a hold placed on their student record which prevents them from conducting University business such as registering for a subsequent term and receiving a degree or records. The hold is not removed until all financial obligations, including the payment of the Transportation and Parking Fee, are met.

### **Parking System Fees and Revenues**

Approximately 90% of the Parking System Revenues are from Transportation and Parking Fees. The majority of the approximate remaining 10% is from Decal Fees. The table below shows the amount of the Decal Fee and Transportation and Parking Fee, the total amount of Parking System Revenues charged and the percentage of Parking System Revenues uncollected for Fiscal Years ended June 30, 2012 through and including 2016 (audited) and June 30, 2017 (unaudited):

## Parking System Fees and Revenues

Fiscal <u>Year</u>	Decal Fee <u>(Range)</u> <sup>(1)</sup>	Student Transportation <u>and Parking Fee</u> <sup>(2)</sup>	Parking System <u>Revenues Charged</u>	Parking System Revenues <u>Outstanding</u>	Percentage of Uncollected Parking <u>System Revenues</u>
2012	\$30 - \$525	\$8.34	\$2,897,162	\$39,477	1.36%
2013	\$30 - \$535	\$8.54	\$3,100,804	\$40,899	1.32%
2014	\$30 - \$535	\$8.54	\$3,308,229	\$63,285	1.91%
2015	\$30 - \$535	\$8.54	\$3,421,586	\$60,663	1.77%
2016	\$30 - \$535	\$8.54	\$3,533,136	\$58,057	1.64%
2017 <sup>(3)</sup>	\$30 - \$535	\$8.54	\$3,570,933	\$63,518	1.78%

(1) Decal Fees basically differ depending on employee type: temporary (\$30), full-time general parking (\$118), or full-time reserved (\$535).

(2) Fee is per enrolled credit hour. The actual fee charged in Fiscal Years 2013 through 2017 was \$8.70. The fee shown here excludes sales tax in such years, which sales tax is paid directly by the University to the State.

(3) Unaudited.

Source: University Parking Services and University Controller's Office

## FLORIDA GULF COAST UNIVERSITY

### General

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. The University is located on 800 acres of land in South Lee County. Positioned in Southwest Florida, the University is 20 minutes from Naples to the south and 20 minutes to downtown Ft. Myers to the northwest and is easily accessible, as it is about a half mile east of I-75. It is located approximately three miles from the Southwest Florida International Airport. FGCU is a member of the State University System of Florida (comprising 12 institutions). It opened as Florida's tenth state university in August 1997.

Enrollment has more than quintupled since opening day in fall 1997, when there were 2,584 students to over 15,000 registered for classes in fall 2017, including students from 45 states and more than 85 countries. Residential students have grown from 200 living on campus in 1998 to more than 4,700 living on campus. The student body is increasingly diverse, starting at 12.6% minority in 1997 and rising to the current 34% minority. The first graduation ceremony awarded 49 degrees and there were approximately 2,700 degrees awarded in academic year 2016-2017. First-year retention has increased steadily to the current 79%.

The University is accredited by the Southern Association of Colleges and Schools Commission of Colleges (SACS) (at <http://www.sacscoc.org>), the major accrediting body for institutions of higher learning in the Southern region, to award associate, baccalaureate, master's and doctoral degrees. In 2015, SACS reaffirmed its accreditation unconditionally after the University complied with all of its 95 standards and requirements. Additionally, each college/school holds accreditation from applicable national associations.

## Board of Trustees

The University is governed by the University Board. The University Board provides oversight and acts as advisor 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 is composed of 13 members as follows: 6 citizen members appointed by the Governor subject to confirmation by the Senate; 5 citizen members appointed by the Board of Governors subject to confirmation by the Senate; the chair of the faculty senate or the equivalent; and the president of the student body of the University. The appointed members serve staggered 5-year terms. There is no state residency requirement for University Board members, but the Governor and the Board of Governors consider diversity and regional representation. The following table lists the current members of the Board of Trustees and their primary affiliation:

<b><u>Members of FGCU Board of Trustees</u></b>	<b><u>Primary Affiliation</u></b>
Mr. J. Dudley Goodlette (Chair)	Retired
Dr. Ken Smith (Vice Chair)	Agribusiness
Ms. Darleen Cors	Retired
Dr. Michael McDonald	FGCU Professor (Faculty Senate President)
Mr. Joseph Fogg III*	Retired
Mr. Blake Gable	Land Development, Agriculture & Mineral Rights
Mr. J. Leo Montgomery	Retired
Mr. Kevin Price	Information Technology and Research
Mr. Russell Priddy	Agriculture
Ms. Robbie Roepstorff	Banking
Mr. Christian Spilker	Real Estate Investment and Development
Ms. Jalisa White	FGCU Student (Student Government President)
Vacant	

---

\* Mr. Fogg is a retiree from his former position as Senior Managing Director at, and currently serves as an Advisory Director for, Morgan Stanley & Co. LLC, the senior managing underwriter for the Series 2017B Bonds.

## University Administration

The names of the principal executive officers of the University are set forth below. A statement of the background of each follows.

<b>Name</b>	<b>Position</b>	<b>Since</b>
Dr. Michael Martin	President	2017
Steve Magiera	Vice President for Administrative Services and Finance	2011
Dr. Robert Gregerson	Acting Provost & Vice President for Academic Affairs	2017
Dr. J. Michael Rollo	Vice President for Student Affairs	2006
Christopher Simoneau	Vice President for University Advancement	2013
Susan Evans	Vice President and Chief of Staff	2013
Vee Leonard, Esq.	Vice President and General Counsel	2013

**Dr. Michael Martin, President.** Michael V. Martin serves as President of the University. The University Board unanimously selected Dr. Martin to become the institution's fourth President on July 1,



2017, and his appointment was confirmed by the Board of Governors. President Martin came to the University from the Colorado State University System, where he served most recently as Chancellor Emeritus and Senior Fellow following three years as Chancellor. Prior to this, he was Chancellor of Louisiana State University; President of New Mexico State University; Vice President for Agriculture and Natural Resources at University of Florida; Vice President for Agricultural Policy at University of Minnesota; and served 15 years on the faculty, including a term as Faculty Senate president, at Oregon State University. A native of Crosby, Minnesota, Dr. Martin earned a bachelor's degree in business and economics and a master's degree in economics at Mankato State College (now Minnesota State University). He received his Ph.D. in applied economics from the University of Minnesota in 1977. His areas of specialization are prices, international trade, public policy, transportation, and business logistics. His membership on local, state and national boards and organizations spans decades of service, and currently includes the Farm Foundation Board of Trustees, and the International Agricultural Trade Research Consortium.

**Mr. Steve Magiera, Vice President for Administrative Services and Finance and Executive Director of the Financing Corporation.** Mr. Steve Magiera joined the University's staff in 1995. As the Vice President for Administrative Services and Finance, he oversees the following areas: Business Technology Services, Business Operations, Campus Reservations and Records Management, Office of the Controller, Bursar, Procurement, Environmental Health and Safety, Facilities Planning, Financial Aid, Physical Plant, Undergraduate Admissions, University Police Department, and University Budgets. Prior to this position, Mr. Magiera served as the Vice President for University Advancement and Executive Director of the Florida Gulf Coast University Foundation (the "Foundation"). He has also served as Assistant Controller, Director of Finance, Chief Financial Officer and Assistant Vice President for Advancement. He currently serves as the assistant treasurer to the Foundation. A Certified Public Accountant, Mr. Magiera earned a Bachelor's Degree in Accounting from Indiana University and a Master's degree in Accounting and Taxation from the University. He is a member of the Florida Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

**Dr. Robert Gregerson, Acting Provost and Vice President for Academic Affairs.** Dr. Robert Gregerson joined the University as Professor of Biology and Dean of the College of Arts and Sciences in July, 2014 and is currently serving as Acting Provost and President for Academic Affairs. Prior to arriving at the University, Dr. Gregerson was Dean of the College of Science and Technology at Armstrong State University in Savannah, Georgia, where he had also served as Head of the Biology Department. Before that, he was at Lyon College, in Batesville, Arkansas, where he was a faculty member for 12 years, Chair of the Science Division for 5 years, and held an endowed professorship. While at Lyon College, he was named state Professor of the Year twice by the Carnegie Foundation's Council for the Advancement and Support of Education. Dr. Gregerson received a B.A. in Biology from Wabash College, and the Ph.D. in Molecular Genetics from the University of Georgia. His scholarly expertise is in plant molecular biology. He has published over 25 scholarly articles and book chapters, and received grant funding from the US Department of Agriculture, the National Institute of Health and various state agencies.

**Dr. J. Michael Rollo, Vice President for Student Affairs.** Dr. Rollo assumed his position at the University in 2006 as the first Vice President for Student Affairs. Dr. Rollo's experience includes a variety of roles in the University of Florida's ("UF") Division of Student Affairs since 1979, and most immediately before coming to the University he served as UF's Associate Vice President for Student Affairs. He received his Bachelor of Arts in Education (Secondary Education) in 1975, his Specialist in Education and Masters in Education (Counselor Education) in 1978, and his Ph.D. in Educational Leadership in 1986, all from UF. He has a wide range of experience in student judicial affairs, diversity issues, multicultural affairs, and implementation of technology resources in student affairs operations. Dr. Rollo has consulted

nationally with institutions of higher education on the issue of crisis and trauma response, and has taught graduate courses in educational administration and policy.

**Mr. Christopher Simoneau, Vice President for University Advancement and Executive Director of the Foundation.** Mr. Christopher Simoneau joined Florida Gulf Coast University's staff in 2013. In this role, he oversees all aspects of advancement, including fundraising, alumni relations, special events, donor relations and stewardship, as well as University marketing and communications. Chris was previously with Tufts University, where he served as Senior Director of University Advancement, and earlier as Director of Central Development Programs for Tufts' highly successful \$1.2 billion fundraising campaign that concluded in June 2011. His previous higher education experience includes Associate Vice President for Strategic Planning and University Relations at Case Western Reserve University; Director of Contract Services in Student Services at Columbia University; Associate Director for Administration for the Earth Institute; and Business Manager for the Princeton University Materials Institute. Mr. Simoneau has additional experience in the private sector, including in the areas of strategic management, finance and administration. Mr. Simoneau holds a B.S. degree in Finance from Villanova University, and an M.B.A. from Columbia University.

**Ms. Susan Evans, Vice President and Chief of Staff.** Ms. Susan Evans is the Vice President and Chief of Staff. A member of the University's 1993 founding team of five employees, Ms. Evans has served as the University Spokesperson since 1993, the Corporate Secretary to the University Board since its establishment in 2001, and as a direct report to Founding President Roy McTarnaghan (1993 – 1999), Interim President Suzanne Richter (1999), Interim President Gene Hemp (1999), President Bill Merwin (1999 – 2007), Interim President Dick Peggnetter (2007), President Wilson Bradshaw (2007 – 2017), and President Michael Martin (2017 – present). In addition, she was the University's first government relations director and lobbyist from 1993 to 2000, and also held an acting role as the first Senior Woman Administrator (SWA) for University Athletics. Ms. Evans holds a Bachelor of Arts (BA) degree from Stetson University and a Master of Public Administration (MPA) degree from the University.

**Ms. Vee Leonard, Esq., Vice President and General Counsel.** Ms. Vee Leonard was appointed Vice President and General Counsel for the University in 2013. Ms. Leonard previously served as the University's General Counsel, Associate General Counsel, and Assistant General Counsel. Prior to her arrival at the University, Ms. Leonard was Assistant City Attorney for the City of Orlando and also worked in private practice, specializing in employment litigation. Ms. Leonard received her Bachelor of Arts in Legal Studies from the University of Central Florida in Orlando, Florida, and her Juris Doctor (J.D.) from the University of Florida's Levin College of Law in Gainesville, Florida. Ms. Leonard has been a member of the Florida Bar Foundation Board of Directors and the National Association of College and University Attorneys (NACUA), as well as a charter member of the Orlando Chapter of the National Association of African Americans in Human Resources. In May 2015, Ms. Leonard became a Certified Compliance and Ethics Professional (CCEP).

## **Faculty**

As of fall 2017, the University employed approximately 550 full-time faculty, and approximately 20 part-time faculty. The University does not have a tenure system so faculty members work on multi-year contracts. The State health insurance program and the State retirement system cover faculty. The faculty workforce is unionized and represented by the United Faculty of Florida. An elected faculty senate serves as a mechanism for communication regarding academic program issues. The University's management considers its relationship with the faculty to be excellent.

## Employees

As of fall 2017, full-time University staff (excluding faculty) numbered approximately 830, and part-time staff/student workers (excluding faculty) numbered approximately 510. The State health insurance program and the State retirement system cover staff. The staff workforce is not unionized. An elected employee organization, the staff advisory council, serves as a mechanism for communication regarding employee issues. The University's management considers its relationship with staff to be excellent.

## Student Admission

The following table sets forth the total number of main campus first-year applications received and accepted, and the number of first-year students matriculating at the University for the academic years indicated.

### Student Admission by Academic Year

Academic Year	Applications Received	Applications Accepted	Percent Accepted	Percent of Accepted Matriculants	Applicants Enrolled
2012-2013	10,076	6,811	67.6%	40.7%	2,771
2013-2014	10,804	7,108	65.8%	38.8%	2,759
2014-2015	13,773	8,107	58.9%	34.2%	2,775
2015-2016	13,608	8,244	60.6%	32.7%	2,698
2016-2017	13,144	8,504	64.7%	30.0%	2,551
2017-2018*	13,849	8,901	64.3%	30.0%	2,666

\* Preliminary data, as of the first day of class, Fall 2017.

Source: University Office of Planning and Institutional Performance

The following table sets forth the average SAT scores and the in-state percentages for first-year students matriculating at the University for the academic years indicated.

### Student Average SAT Scores

Academic Year (Fall Semester)	Average SAT Scores Math & Verbal	Average SAT Scores Including Writing	In-State Percentages
2012	1029	1528	95.0%
2013	1028	1529	95.0%
2014	1054	1569	95.0%
2015	1061	1583	93.0%
2016	1069	1593	92.0%
2017*	1143	-	92.0%

\* Preliminary data, as of the first day of class, Fall 2017.

Source: University Office of Planning and Institutional Performance

## Student Enrollment

The following table shows the composition of student enrollment for the fall semester for the years shown.

Student Enrollment (Fall Semester)						
Level:	2012	2013	2014	2015	2016	2017*
Undergraduate	12,064	12,775	13,226	13,604	13,544	13,885
Graduate	1,048	987	997	980	986	981
Non-Degree	330	312	240	240	291	169
Total Enrollment:	13,442	14,074	14,463	14,824	14,821	15,035
Full Time Equivalent:	8,355	8,746	9,090	9,300	9,404	9,491

\* Preliminary data, as of first day of class, Fall 2017.

Source: University Office of Planning and Institutional Performance

As of fall 2017, there are 683 students in attendance from outside the U.S. Efforts continue to improve retention and four-year graduation rates, such as a marketing plan to recruit qualified students, enhanced intervention to assist with academic success, and the Soar in 4 financial incentive program that launched in the summer of 2015.

## Degrees Granted

The University is comprised of five colleges: the College of Arts and Sciences and the Bower School of Music and the Arts, the Lutgert College of Business and the School of Resort and Hospitality Management, the U.A. Whitaker College of Engineering, the Marieb College of Health & Human Services and the School of Nursing, and the College of Education. The University's five colleges administer 57 undergraduate, 25 master's and 3 doctoral degrees as well as 12 certificate programs. In academic year 2016-17, the University awarded 2,399 bachelor's, 286 master's and 42 doctoral degrees. The University offers 40 graduate and certificate programs in formats that accommodate varied schedules and learning styles — the traditional in-class model, online sessions, a hybrid or evening and weekend programs.

The following table shows the degrees granted by the University for the academic years shown.

Degrees Granted					
Academic Year	Bachelor's	Master's	Specialist	Doctoral	Total
2012-2013	1,875	334	19	32	2,260
2013-2014	1,864	334	0	34	2,232
2014-2015	2,062	302	0	37	2,401
2015-2016	2,331	269	2	29	2,631
2016-2017	2,399	286	0	42	2,727

Source: University Office of Planning and Institutional Performance

## Student Tuition and Fees

The following table shows the per-full-time student tuition and general fees for resident and non-resident students for the academic years shown.

Student Tuition and Fees*						
Level:	2012-13	2013-14	2014-15	2015-16	2016-17 (Unaudited)	2017-18 (Unaudited)
<b>Undergraduate:</b>						
Resident	\$6,068	\$6,118	\$6,118	\$6,118	\$6,118	\$6,118
<i>Percentage Change</i>	9.7%	0.8%	0.0%	0.0%	0.0%	0.0%
Nonresident	\$25,112	\$25,162	\$25,162	\$25,162	\$25,162	\$25,162
<i>Percentage Change</i>	8.4%	0.2%	0.0%	0.0%	0.0%	0.0%
<b>Graduate:</b>						
Resident	\$8,926	\$8,961	\$8,961	\$8,961	\$8,961	\$8,961
<i>Percentage Change</i>	7.7%	0.4%	0.0%	0.0%	0.0%	0.0%
Nonresident	\$31,181	\$31,216	\$31,216	\$31,216	\$31,216	\$31,216
<i>Percentage Change</i>	7.9%	0.1%	0.0%	0.0%	0.0%	0.0%

\* Based on 15 credit hours for 2 semesters for Undergraduate and 12 credit hours for 2 semesters for Graduate.  
Source: University Controller's Office

Tuition and fees for the 2017-2018 academic year at Florida public institutions is established by the Legislature, Board of Governors, and each University's Board of Trustees, except for minor variations in fees such as athletic, health and student activity. These fees are established by each University's Board of Trustees and cannot exceed forty percent (40%) of tuition in total or a five percent (5%) increase in any one academic year.

The University operates its programs based on a two-semester academic year and summer session. Registration occurs when a student pays tuition and fees, partial or otherwise, or makes other appropriate arrangements for tuition payment (deferment for financial aid or third-party billing) for the courses in which the student is enrolled as of the end of the drop/add period.

[Remainder of page intentionally left blank]

The following table shows the estimated cost for a full-time, Florida resident, undergraduate student to attend the University for the academic year 2017-2018.

**Undergraduate Full-Time Florida Resident Student  
Cost of Attendance**

Expenses	Florida Resident living with parents	Florida Resident living away from parents
Tuition and Fees <sup>(1)</sup>	\$6,118	\$6,118
Books and Supplies	1,200	1,200
Room and Board <sup>(2)</sup>	2,883	9,672
Transportation	1,700	1,700
Personal Expenses	<u>1,700</u>	<u>1,700</u>
Estimated Total Cost	\$13,601	\$20,390

(1) Tuition and Fees are based on an undergraduate student taking 15 undergraduate credit hours per term for two terms (Fall and Spring). The Transportation and Parking Fees are included in Tuition and Fees. Out of State students should add \$19,044 to tuition/fees. Cost of Attendance are estimates used for the purposes of Financial Aid.

(2) The room and board charge represents the average cost of all University and nearby housing rates, and the average of all University meal plans, which average is 20 meals per week.

Source: University Office of Financial Aid

## Financial Aid

In recent years, the University has established various scholarship programs including (i) assisting low income and first generation students through the First Generation Grant, (ii) providing merit and high achieving scholarships through the President's Gold and Silver Scholarships, (iii) providing Honors Scholarships and (iv) providing the Accelerated Collegiate Experience scholarships, and many other scholarship programs. For academic year 2017-18, the Florida Bright Futures Academic Scholars scholarship will be awarding qualified students an award amount to cover up to 100% of their tuition & fees at the University. This equates to approximately \$3 million in scholarship funding for our highest achieving students. Additionally, the University has doubled its state allocation for the First Generation Matching Grant. During the 2017-18 academic year, this amounts to approximately \$774,000 in need-based grants being available. From academic years 2013-14 to 2015-16, an average of 53% of the University's undergraduate students have graduated without student loan debt. Over \$91 million of financial aid awards were made for academic year 2016-17.

## Facilities

As of August 2017, over 100 structures totaling more than 5,000,000 square feet have been constructed on the University's 800 acre campus. Only half of the property will be developed with the rest remaining in its natural state. Structures include a library, academic/laboratory buildings, student services building, multiuse facilities, early child development facility, broadcast facilities to house public broadcasting stations WGCU-FM and WGCU-TV, campus recreation facilities, intercollegiate athletic facilities, offices, student housing facilities, dining facilities and support facilities. Additionally, the University infrastructure includes two entrance roads, a primary loop road around the academic core, surface and elevated parking facilities, two central energy plants and a power-generation solar field.

The solar field helps supply power for three large buildings housing classrooms and labs while the chiller plant helps cool the buildings on campus by piping cold water through pipes beneath them. The campus also includes significant natural conservation areas used for storm water management, outdoor laboratories for faculty and students and general enhancement of the campus environment. Additional facilities are planned and are under construction.

### **Research Programs**

Across the disciplines, faculty members led a broad range of research projects, which brought \$12.8 million in grant funding in 2016-17. Since 1997, the University has brought in more than \$212 million in research funds.

The University has developed a formidable presence in environmental education. Estuarine and littoral studies, marine life, environmental engineering, and renewable energy are all disciplines in which the University has demonstrated research strength that has been successfully melded with instruction delivered by faculty in two colleges. A School of Integrated Coastal and Watershed Studies will provide further synergy among these related disciplines.

### **Athletics**

The University's men's basketball team won two NCAA tournament games and vaulted into the Sweet 16. Today, the University's intercollegiate sports teams have collectively won 53 conference regular-season and tournament championships in just nine years of Division I competition in the Atlantic Sun Conference and Coastal Collegiate Sports Association, the latter for swimming and diving. The University's student-athletes earned an average cumulative 3.28 grade-point average in spring 2016 surpassing the average of the overall student body for the 14th consecutive semester.

### **The Foundation**

The Foundation supports the University and its programs and has been designated by the University Board as a University Direct Support Organization under §1004.28, Florida Statutes. The Foundation is incorporated as an affiliated not-for-profit 501(c)(3) corporations under the Federal Tax Code of 1986, as amended. In 2016-17, the Foundation secured more than \$28 million in gifts and commitments, far surpassing its \$20 million goal. The Foundation's recent \$100-million campaign met with great success with contributions exceeding \$127.7 million to help fund initiatives in student success, academic excellence, scholarships, athletics, and community and regional impact.

The Foundation plays a pivotal role in advancing the future development and growth of the University. In academic year 2015-16, the Foundation board approved a five-year strategic investment plan in the University for new and existing University initiatives. New initiatives include: the Student Academic Health and Life Fitness Center; expanded faculty research opportunities; and endowment matching program; and support of the University's strategic plan. It will continue to invest in its scholarship reserve; college-specific discretionary funds; eminent chair endowments; and the expansion of Alico Arena and the outdoor sports complex. The Foundation's investment for academic year 2016-17 was \$11 million. As of June 30, 2017, the Foundation had assets in excess of \$126 million and the endowment stood at \$84.6 million. The Foundation's assets are not pledged to, or available for, payment of debt service on the Series 2017B Bonds.

## **Limited Role in Connection with the Series 2017B Bonds**

Neither the University Board nor the University has any liability for the making of any Lease Payments under the Operating Lease for payment of debt service on the Parking System Bonds except from the Parking System Revenues and additional collateral, if any, specifically pledged to a series of Outstanding Bonds. The University's obligations under the Operating Lease do not constitute a recourse debt, liability or obligation of the Board of Governors, the University Board or the University, or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof, but are payable solely from the sources pledged therefor in the Indenture and Operating Lease, as described herein. See "SECURITY FOR THE SERIES 2017B BONDS AND LEASE PAYMENTS" herein.

## **THE FINANCING CORPORATION**

The Financing Corporation, which was chartered on April 11, 2003, is a not-for-profit §501(c)(3) corporation created to directly support the activities of the University. It is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University and has been certified as a "University Direct Support Organization" by the University Board pursuant to §1004.28, Florida Statutes. The Financing Corporation is issuing the Series 2017B Bonds in such capacity on behalf of the University.

## **THE INDENTURE**

*The following provisions are summaries of the terms of the Indenture and, unless earlier defined in this Official Statement, all defined terms shall be as defined in the Indenture attached hereto as APPENDIX C. Reference is made to the full copy of the Indenture attached hereto.*

### **Description of Rate Periods**

See "APPENDIX C – Indenture" hereto for a description of the different Rate Periods that may be applicable to Bonds issued as Additional Bonds under the Indenture. Bonds may be issued under the Indenture bearing interest at a Variable Rate, Commercial Paper Rate or Fixed Rate, as described therein. Once Bonds bear interest in a Fixed Rate Period, the rate remains in effect until payment or redemption and once converted to a Fixed Rate, no further conversion of the Rate Period may occur with respect to such Bonds. All of the outstanding Parking System Bonds are in the Fixed Rate Period other than the Series 2009A Bonds which are outstanding in the Variable Rate Period.

### **Sinking Fund; Payment by Financing Corporation**

A special fund has been created for the Parking System Bonds designated the "Parking System Sinking Fund" and therein six separate accounts designated "Bond Service Account," "Interest Account," "Accrued Interest Account," "Redemption Account," "Debt Service Reserve Account," as applicable, and "Credit Facility Account." The Trustee shall create therein with respect to the Series 2017B Bonds, the Series 2017B Bond Service Subaccount, Series 2017B Interest Subaccount and Series 2017B Redemption Account. No subaccount shall be created in the Accrued Interest Account, the Credit Facility Account or Debt Service Reserve Account with respect to the Series 2017B Bonds. Moneys with respect to one series of Bonds shall not be commingled with moneys with respect to any other series of Bonds issued under the Indenture.



The Financing Corporation 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.

### **Application of Revenues**

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 the Indenture for compensation or indemnity.

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 Financing Corporation 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 Financing Corporation and may be applied to any lawful University purpose.

### **Payment of Interest and Principal**

Subject to the provisions of the Indenture (concerning the source of payments for variable rate and commercial paper rate Bonds), 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 the Indenture (concerning the source of payments for variable rate and commercial paper rate Bonds), 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 of the Indenture (concerning the source of payments for variable rate and commercial paper rate Bonds), 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 Financing Corporation shall, subject to the provisions of Section 5.08 of the Indenture (concerning draws on liquidity facilities), 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 Financing Corporation 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 the 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 Financing Corporation 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 in the Indenture, moneys in the Interest Account shall be used solely to pay interest on the Bonds when due.

### **Events of Default**

Events of Default, available remedies, direction of remedial proceedings and application of revenues during the occurrence of an Event of Default are all as described in "APPENDIX C – Indenture" hereto.

### **Acceleration**

Subject to the rights of a Credit Facility Provider, the Bond Insurer or STING to exercise certain remedies as set forth in the Indenture, on any day on which the Trustee is made aware of an Event of Default relating to certain bankruptcy matters affecting the Financing Corporation, the Trustee will declare the principal and accrued interest on the Series 2017B Bonds to be due and payable on such day

and all interest thereon shall cease to accrue. For a full description of the acceleration rights and other remedies see “APPENDIX C – Indenture” attached hereto.

#### **Amendments Without Consent of Owners**

The Financing Corporation and the Trustee may amend or supplement the Indenture with respect to all of the Bonds or any series of the Bonds without notice to or consent of any Owner (but with notice to the Financing Corporation, 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 therein 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 the Indenture as then in effect or to subject to the pledge and lien of the Indenture additional revenues, properties or collateral,
- (c) to subject to the Indenture additional collateral or to add other covenants and agreements of the Financing Corporation, thereafter to be observed by the Financing Corporation or to surrender any right or power therein reserved to or conferred upon the Financing Corporation, which are not contrary to or inconsistent with the Indenture as then in effect,
- (d) to modify the Indenture or the Bonds to permit qualification of the 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,
- (f) to evidence the succession of a new Trustee or the appointment by the Trustee or the Financing Corporation of a co-trustee,
- (g) to make any change (including a change 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 the Indenture.

#### **Amendments With Consent of Owners or Credit Facility Provider/Bond Insurer**

If an amendment of or supplement to the Indenture with respect to one or more series of the Bonds without consent of Owners is not permitted, the Financing Corporation 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 for this purpose.

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) 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 the 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 the Indenture or any part thereof, (viii) modify the optional or mandatory provisions of the Bonds, or (ix) effect a change in the provisions the Indenture regarding amendments requiring consent of the Owners. In addition, if moneys or U.S. Government Obligations have been deposited or set aside with the Trustee pursuant for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of such Article shall be made without the consent of the Owner of each of those Bonds affected.

#### **Other Provisions of the Indenture**

Other provision of the Indenture, including definitions of terms used in the Indenture and herein, interest rate periods, redemption provisions, application of proceeds, representations and covenants of the Financing Corporation, rights and duties of the Trustee, discharge of the Indenture are described in "APPENDIX C – Indenture" hereto.

### **THE OPERATING LEASE**

*The following provisions are summaries of the terms of the Operating Lease and, unless earlier defined in this Official Statement, all defined terms shall be as defined in the Operating Lease attached hereto as APPENDIX D. Reference is made to the full copy of the Operating Lease attached hereto.*

#### **Termination**

The Operating Lease shall terminate on the date on which all Bonds and any obligations under any Related Financing Documents, including all Lease Payments relating to such Bonds and obligations, secured hereby are fully paid and canceled unless otherwise earlier terminated as provided therein. Notwithstanding anything to the contrary therein (including any default by the University), the Financing Corporation agrees not to terminate the Operating Lease for any reason whatsoever, including termination of the Master Ground Lease and the Phase XI Ground Lease, as long as there remains unpaid

any obligations of the Lessor 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 the Operating Lease may be essential to the collateral security for such obligations. The Financing Corporation and the University shall not terminate the Operating Lease or modify the Operating Lease in any manner that would impair or adversely affect the holders of any such obligations. The holders of such obligations are deemed to be third-party beneficiaries of such covenant. Notwithstanding the foregoing, under no circumstance shall the Operating Lease, as it relates to the Existing Improvements other than those in Phase XI of the Housing System, extend beyond the term of the Internal Trust Fund Lease.

### **Lease Payments and Rent**

The University has agreed in the Operating Lease to pay to the Financing Corporation the following rent which constitutes Lease Payments:

*Base Rent.* During the term of the Operating Lease the University agrees to pay to the Financing Corporation all amounts due and payable under the Bonds and any Additional Parity Obligations and all other amounts due and owing under the Related Financing Documents. The principal component of the Base Rent shall be equal to the principal or purchase price corresponding to the principal amount due on the Bonds (the "Principal Component"). The interest component of the Base Rent shall be equal to the interest due on the Bonds (the "Interest Component"). Base Rent 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 and in 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 to pay the sums provided for therein, to make all other payments provided for therein, and to perform and observe all other agreements and covenants on its part contained therein shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim that the University may otherwise have against the Financing Corporation. The University shall not suspend or discontinue any such payment or fail to perform or observe any other agreements or covenants contained in the Operating Lease or terminate the Operating Lease so long as any part of the principal or purchase of and the interest on the Bonds or such other Additional Parity Obligations or any Related Financing Documents remain outstanding and unpaid.

*Additional Rent.* The University shall bear all expenses associated with the ownership, operation and rental of the Leased Premises, and the rent payable to the Financing Corporation shall be net of all such expenses, including, but not by way of limitation, taxes, insurance, maintenance and repair. Therefore, as additional rent ("Additional Rent"), the University shall, during the term of the Operating Lease, pay and discharge, except as hereinafter described, within the time provided under applicable Florida law, after the University's receipt of an invoice therefor, all assessments, water rents and charges, sewer rents and any governmental impositions and other charges of every kind and nature whatsoever, extraordinary as well as ordinary, and every installment thereof, and all fees and charges of public and governmental authorities for maintenance, use and occupation of any building or facility covered hereby that shall or may during the term be charged or become due and payable or liens upon or for the Leased Premises or any part thereof, or any appurtenances, or equipment thereof or therein, or the sidewalk or street in front of, or adjoining the Leased Premises, under or by virtue of all present or future laws, ordinances, orders, rules or regulations of any governmental authorities having jurisdiction over the Leased Premises. Additionally, the University shall pay or make provision for the payment of all charges

for water, heat, gas, hot water, electricity, light and power, maintenance of parking areas and any other service or services furnished to the Leased Premises or the occupants thereof, during the term of the Operating Lease within thirty (30) days after the same shall become due and payable. The University shall be deemed to have complied with this covenant if payment of such assessments, water rents, rates or charges, sewer rents, or other governmental impositions or charges have been made, either within any grace period allowed by law or by the governmental authorities imposing the same, during which payment is permitted without penalty or interest, or before same shall become a lien upon the Leased Premises, whichever is later, and the University shall, upon written notice by the Financing Corporation, produce and exhibit to Financing Corporation receipted bills or sufficient and adequate copies of same as proof of such payment. Any tax levied on the Leased Premises, the Lease Payments, the Master Ground Lease, the Phase XI Ground Lease, or the Operating Lease shall be borne by the University and the University may pay the same directly to the appropriate authority, if applicable, or remit the amounts due, if any, to the Financing Corporation as Additional Rent and the Financing Corporation shall then make the remittance to the appropriate governmental authority. In addition thereto, if applicable, the University shall pay the Additional Rent set forth therein, during the term of the Operating Lease and all costs, expenses and obligations of any kind and nature whatsoever relating to the Leased Premises, whether extraordinary or ordinary, and whether incurred from operation of the Leased Premises, or through external services provided to the Leased Premises, shall, except as otherwise provided therein, be paid by the University.

Notwithstanding the foregoing, unless failure to pay may result in a lien on the assets of the Financing Corporation, nothing therein contained shall require or be construed to require the University to pay any inheritance, estate, succession, transfer, gift, franchise, capital levy, income or profit tax or any corporate or partnership income tax, all of which, if applicable, shall be the sole and exclusive responsibility of the Financing Corporation. The Financing Corporation shall repay any such sums paid by the University on behalf of the Financing Corporation, but such obligation shall not give rise to any set off claims or other remedies against the University that will diminish the obligations of the Financing Corporation under the Operating Lease.

### **Pledge of Revenues**

The University Board has pledged, as security for Lease Payments under the Operating Lease, the Parking System Revenues, which includes the Net Revenues derived from operation of the Parking System. The Parking System Revenues may only be pledged as security for payment of the University Board's Lease Payment obligations relating to Bonds issued to finance capital improvements relating to the Parking System. Neither the payment obligations of the University Board under the Operating Lease nor the payment obligations of the Financing Corporation on the Series 2017B Bonds are secured by any interest in or lien or mortgage on the Parking System or the underlying land of the Parking System.

### **Application of Parking System Revenues**

The Operating Lease provides for the establishment by the Financing Corporation of a Revenue Fund into which Gross Revenues transferred by the University Board to the Financing Corporation must be deposited. A separate account is established within the Revenue Fund entitled the "Parking System Account." The Parking System Account is funded solely from revenues generated by the operation of the Parking System.

The Financing Corporation is required to deposit the Gross Revenues or shall cause the Gross Revenues to be deposited, upon receipt thereof, in the Revenue Fund. Such amounts in the Revenue

Fund from Gross Revenues of the Parking System shall be held in the "Parking System Account". Such funds shall be applied by the Financing Corporation in each Fiscal Year, only in the following manner and in the following order of priority:

(1) The Financing Corporation shall pay or cause to be paid, as the same shall become due, from the Parking System Account in the Revenue Fund, all Costs of Operation and Maintenance of the Parking System for the current Fiscal Year as set forth in the Annual Budget.

(2) Next, there shall be deposited from the Parking System Account into the Debt Service Fund (a) those amounts that are estimated as being required to pay the interest due on the Parking System Bonds and any Additional Parity Obligations for the current Fiscal Year and (b) those amounts that are required to pay the principal or purchase price corresponding to the principal due on the Parking System Bonds and any Additional Parity Obligations and any other amounts payable under other Related Financing Documents for the current Fiscal Year. Moneys from the Debt Service Fund shall be deposited into the Sinking Fund under the Indenture and applied as set forth therein. Moneys deposited from the Debt Service Fund into the Parking System Sinking Fund under the Indenture shall consist solely of Parking System Revenues.

All such payments, as described above, shall additionally include an amount sufficient to pay all fees and charges incurred during each Fiscal Year in connection with the issuance of the Bonds, the security therefor and the continued payment thereof, all as provided in the Related Financing Documents. 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 Fund out of proceeds from the sale of the Parking System Bonds (or Additional Parity Obligations) to pay interest on the Parking System Bonds (or Additional Parity Obligations).

(3) Next, the Financing Corporation shall deposit or cause to be deposited into the Operation and Maintenance Fund such sums as shall be earmarked for such purpose in the Annual Budget and such additional sums as set forth in the Related Financing Documents, particularly as set forth in a Credit Facility Agreement.

(4) The Financing Corporation shall next apply the balance of the Revenue Fund to any lawful University purpose.

### **Condemnation**

Substantial. If the whole of the Leased Premises demised by the Operating Lease shall be taken by condemnation or purchased in lieu thereof by any competent authority, then the term granted in the Operating Lease shall terminate as of the day prior to the purchase or taking of possession by such authority, whichever first occurs, and rent thereunder shall be paid to and adjusted as of that day.

If a portion of the Leased Premises shall be condemned or taken, and, as a result thereof, there shall be such a major change in the character of the Leased Premises as to prevent the University from using the same in substantially the same manner as theretofore used, then and in that event, the Operating Lease shall terminate as of the day prior to the date when the part of the Leased Premises so taken or required shall be required for such public purpose.

Since the Financing Corporation shall have made substantial improvements to the structures located on the Land, the award of damages or compensation for the Leased Premises taken, or the amount paid pursuant to private purchase in lieu thereof, whether such condemnation or sale be total or

partial, shall be applied first to make any payment of Base Rent then due and payable, second to make any payment of Additional Rent then due and payable, and any remaining amounts shall be divided such that the Financing Corporation shall receive that share of the remaining award allocated to the value of the Improvements taken and the University shall receive that share allocated to the value of the Land taken.

*Partial.* Prior to or during construction, if the condemning party acquires title to a portion of the Leased Premises only and the Financing Corporation can make beneficial use of the residue thereof for the purposes intended by the Operating Lease, then the Operating Lease shall continue in full force and effect and the total proceeds of condemnation after payment of reasonable attorneys' fees and other necessary expenses incurred by either party in connection therewith shall be applied first to the repair or restoration of the improvements by the Financing Corporation in accordance with plans and specifications approved by the University. Any remaining balance of the condemnation proceeds shall be for the benefit of the University. After completion of construction, if the condemning party acquires title to a portion of the Leased Premises only and the University can make beneficial use of the residue thereof for the purposes intended by the Operating Lease, then the Operating Lease shall continue in full force and effect and the total proceeds of condemnation after payment of reasonable attorneys' fees and other necessary expenses incurred by either party in connection therewith shall be applied first to the repair and restoration of the Improvements by the University. Any remaining balance of the condemnation proceeds shall be for the benefit of the University.

*Bondholder Protection.* Notwithstanding anything to the contrary in the Operating Lease, all condemnation awards and proceeds shall be payable to the Financing Corporation to the extent necessary to satisfy and repay all present and future obligations of the Financing Corporation under the Bonds, the Indenture and other Related Financing Documents.

## **Casualty**

*Notice and Rebuilding.* If, during the term of the Operating Lease, the Leased Premises or any furnishings and equipment installed therein at the commencement of the term of the Operating Lease or thereafter erected thereon, or therein, shall be destroyed or damaged in whole or in part by fire or any other cause, the University shall give to the Financing Corporation immediate notice thereof, and the University, at its own cost and expense, shall except as otherwise described below, 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. If such destruction or damage occurs during the period during which the Financing Corporation is constructing improvements on the Leased Premises, the Financing Corporation shall be responsible for repairing the damage or reconstructing the Leased Premises and for paying all costs in excess of insurance proceeds; or if such destruction or damage is covered by warranty, the warrantor shall be responsible therefor.

*Statements.* In the event of a loss that the University is obligated to repair or rebuild, the University 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 shall submit the appropriate requisition certificate of the architect in charge of such work to the Financing Corporation, and the Financing Corporation shall disburse such insurance proceeds to the University. If the loss is one that the Financing Corporation is obligated to repair or rebuild, the Financing Corporation shall request



disbursement of insurance proceeds for its own costs and expenses incurred. In each instance of disbursement of proceeds prior to the completion of any work, the University 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. If in the course of such work any mechanics' or other lien or order for the payment of money shall be filed against the Leased Premises or against the Financing Corporation or the University or if the University shall be in default in the payment of any Base Rent or Additional Rent then due and payable, or if there is any existing and unremedied default on the part of the University under the Operating Lease as to which the Financing Corporation has served notice upon the University and that the University has failed to cure within the time provided therein, the Financing Corporation shall not be obligated to make any payment of such insurance proceeds until and unless such liens or orders have been fully bonded, or satisfied, or until such default has been cured.

*Additional Payments.* If the net amount of insurance proceeds shall be insufficient for the proper and effective repair, replacement or rebuilding of the Leased Premises or any fixtures or equipment thereon, the University shall pay the additional sum required to effect such repair, replacement or rebuilding. The University shall retain any excess insurance proceeds in a trust fund, so long as the Operating Lease is outstanding, for the purpose of insuring prompt and full payment to the Financing Corporation.

*Substantial Damage.* If during the term of the Operating Lease the Leased Premises and any fixtures and equipment thereon 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 deposited into the Plant Fund and applied to the restoration and rebuilding of the Leased Premises and any equipment and fixtures thereon. The University shall commence such restoration and rebuilding within eighteen (18) months of receipt of such proceeds, unless the Financing Corporation is obligated to repair or restore under the provisions of the Operating Lease, in which event, the Financing Corporation shall commence such repair or restoration within said time. If the University is obligated under the provisions of the Operating Lease to repair or restore the Leased Premises but does not commence repair or restoration within said eighteen (18) months, the Financing Corporation shall have the option inter alia, to: (1) do nothing and continue to collect the Lease Payments, which shall not abate for any reason, (2) utilize all insurance proceeds to repair or restore the Leased Premises, or in the alternative, (3) retain the proceeds of insurance and terminate the Operating Lease (subject to the restrictions contained in the Operating Lease) and the Master Ground Lease or Phase XI Ground Lease, as applicable, whereupon each party shall be relieved of any further obligations thereunder or to the other party.

*Reconstruction Progress.* Under no circumstances shall the Financing Corporation cancel the Operating Lease if reconstruction by the University 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.

*Continuity of Rent.* In the event of the partial or complete destruction of the Leased Premises, the University's obligation to pay the Lease Payments shall be partially or fully abated in proportion to the percentage of the Leased Premises rendered unsafe or uninhabitable (in the University's reasonable discretion) until the Leased Premises have been fully restored; provided that the Financing Corporation shall receive during such period the proceeds, which shall not be less than the Base Rent, of the insurance required and any other insurance maintained by the University as well as any other amounts from the University necessary to pay the full Lease Payments set forth in the Operating Lease. In no event shall the

Base Rent be less than that required to make payments on the Parking System Bonds and under the Related Financing Documents.

### **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 the Operating Lease, and, except as provided in the immediately succeeding sentence, 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 under the Operating Lease. If the University shall fail to make (a) any payment in respect of Base Rent required under the Operating Lease as the same shall become due and payable or (b) any payment required to be made under the Operating Lease not described in clause (a) above and such failure to pay shall not be remedied within thirty (30) days from the date of written notice to the University specifying such failure, the University shall be in default thereunder. Subject to the limitation on termination, the Operating Lease may be terminated at the option of the non-defaulting party upon giving written notice stating that the Operating Lease and the term hereby demised shall expire and terminate on the date specified in such notice (which shall be no earlier than five (5) days after receipt of such notice by the defaulting party), and upon the date specified in such notice, the Operating Lease and the term hereby demised, and all rights of the parties thereunder shall expire and terminate as if that date were the date fixed therein for the termination of the term) of the Operating Lease; provided, however, that such termination shall not relieve the defaulting party from liability to the other party for damages as may be suffered by reason of its failure to perform in accordance with the terms hereof.

If the University abandons the Leased Premises or defaults, under circumstances where the Financing Corporation may elect to terminate the Operating Lease (subject to restrictions on termination), the Financing Corporation may elect to terminate the University's right to possession only if the Financing Corporation elects to terminate the University's right to possession only, without terminating the Operating Lease, the Financing Corporation may at the Financing Corporation's option enter into the Leased Premises, remove the University's property and other evidences of tenancy, and take and hold possession thereof using such force as may be necessary, without being deemed guilty of trespass, eviction or forcible entry or detainer, and without relinquishing the Financing Corporation's rights to rent or any other right given to the Financing Corporation thereunder or by operation of law. Except for the notice of default required above, the University expressly waives the service of any demand for the payment of rent or for possession and the service of any notice of the Financing Corporation's election to terminate the Operating Lease or to re-enter the Leased Premises, including any and every form of demand and notice prescribed by any statute or other law. Provided, however, such entry and possession shall not, unless the Financing Corporation so elects, terminate the Operating Lease or release the University, in whole or in part, from the University's Lease Payment obligations thereunder for the full term, and in any such case the University shall pay forthwith to the Financing Corporation a sum equal to the entire amount of the Lease Payments required thereunder for the residue of the stated term plus any other sums then due thereunder. Upon and after entry into possession without termination of the Operating Lease, the Financing Corporation may, but need not, relet the Leased Premises or any part thereof for the account of the University to any person, firm or corporation other than the University for such rent, for such time and upon such terms as the Financing Corporation in the Financing Corporation's sole discretion shall determine. The Financing Corporation shall not be required to accept any tenant offered by the University or to observe any instructions given by the University about such reletting. In any such case, the Financing Corporation may make repairs, alterations and additions in or to the Leased Premises, and redecorate the same to the extent deemed by the Financing Corporation necessary or desirable, and the University shall, upon demand, pay the cost thereof, together with the

Financing Corporation's expenses of the reletting. If the consideration collected by the Financing Corporation upon any such reletting for the University's account is not sufficient to pay annually the full amount of the Lease Payments reserved in the Operating Lease, together with the costs of repairs, alterations, additions, redecorating and the Financing Corporation's expenses, the University shall pay to Financing Corporation the amount of each annual deficiency upon demand.

The University 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's obligations under the Operating Lease or incurred by the Financing Corporation in any litigation, negotiation or transaction in which the University causes the Financing Corporation, without the Financing Corporation's fault, to become involved or concerned.

[Remainder of page intentionally left blank]

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the current estimated sources and uses of funds relating to the Series 2017B Bonds:

<b>Sources:</b>	
Par Amount	\$
[Plus/Minus] Net Bond [Premium/Discount]	
Other Sources	
Total Sources of Funds:	<u>\$</u>
<b>Uses:</b>	
Payment of Refunded Bonds	\$
Costs of Issuance <sup>(1)</sup>	
Total Uses of Funds:	<u>\$</u>

(1) Includes, among other things, Underwriters' discount, and legal, financial and administrative expenses with respect to the Series 2017B Bonds.

[Remainder of page intentionally left blank]

## DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Outstanding Parking System Bonds and the Series 2017B Bonds:

<b>Fiscal Year Ended</b>	<b>Outstanding Parking System Bonds</b>	<b>Series 2017B Bonds Debt Service</b>			
		<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Total Debt Service</u></b>
<b><u>June 30</u></b>	<b><u>Debt Service<sup>(1)</sup></u></b>				
2018	\$1,320,069				
2019	1,316,678				
2020	1,314,454				
2021	1,311,244				
2022	1,307,233				
2023	1,307,146				
2024	1,296,193				
2025	1,294,631				
2026	1,292,157				
2027	1,388,770				
2028	1,386,861				
2029	1,378,227				
2030	1,373,658				
2031	1,367,933				
2032	1,361,054				
2033	1,353,020				
2034	1,348,785				
2035	1,343,303				
2036	1,036,401				
2037	1,041,036				
2038	429,204				
2039	<u>432,792</u>				
Total:	\$27,000,846				

---

(1) Includes the Refunded Bonds. Debt service on the Series 2009A Bonds, which bear interest at a variable rate, is calculated based on an assumed interest rate of 2.75% per annum.

[Remainder of page intentionally left blank]

## **BONDHOLDERS' RISKS**

### **General**

The following is intended only as a summary of certain risks attendant to an investment in the Series 2017B 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 2017B Bonds.

Each prospective investor in the Series 2017B 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 2017B Bonds, and which also could affect the marketability of the Series 2017B Bonds to an extent that cannot be determined.

### **Lease Payments and Enrollment**

The Financing Corporation's ability to make payments on the Series 2017B Bonds depends on the financial condition and operating performance of the Financing Corporation and the University, which are subject to prevailing economic conditions and to certain financial, business and other factors beyond the control of the Financing Corporation and the University. There can be no assurance that the Financing Corporation will maintain a level of cash flows from operating activities sufficient to permit it to pay debt service on the Series 2017B Bonds. In addition, no assurance can be made that the University will enroll a sufficient number of students in order to generate sufficient Net Revenues to make payments under the Operating Lease sufficient to pay debt service on the Series 2017B Bonds.

### **Prepayment Risk**

The Series 2017B Bonds are subject to prepayment prior to their respective stated maturities upon redemption (as described under "THE SERIES 2017B BONDS — Redemption Provisions") and upon acceleration following the occurrence of certain events of default under the Indenture. See "APPENDIX C – Indenture" and "APPENDIX D – Operating Lease" hereto. There can be no assurance that there would be sufficient funds available to pay debt service on the Series 2017B Bonds under such circumstances.

### **Damage or Destruction Risk**

In the event of damage, destruction or condemnation of all or a portion of the Leased Premises under the Operating Lease, the Financing Corporation and the University are obligated to comply with the terms of the Operating Lease relating to any such damage, destruction or condemnation. In the event of any repair, restoration or replacement of all or any portion of the Leased Premises, 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.

## **Maintenance of Tax-Exempt Status of Interest on the Series 2017B Bonds**

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements which must be satisfied for interest on state and local obligations, such as the Series 2017B 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 2017B 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 2017B 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 2017B Bonds, as described under the caption "TAX MATTERS" herein. No ruling with respect to the Series 2017B 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 2017B Bonds will not adversely affect the Series 2017B Bonds or the market value of the Series 2017B 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 2017B 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 Underwriters nor Bond Counsel is obligated to defend the tax-exempt status of the Series 2017B 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 2017B Bonds. In addition, if the Series 2017B Bonds were to be audited, the market for and the market value of the Series 2017B Bonds could be adversely affected during the pendency of the examination and thereafter, even if the outcome of the audit were to be favorable.

## **Government Regulation**

Regulations and conditions affecting the acquisition, development, and ownership of residential real estate, including local zoning and land use issues, environmental regulations, the ADA and general conditions in the market, could increase the operating expenses of the Parking System or could otherwise have a material adverse effect on the operation thereof.

## **State Funding for the University**

The University depends on State funding for financing a portion of its operations. Many factors can adversely affect the level of funding received from the State, including but not limited to, additional

performance based funding. There can be no assurance that the current or prior levels of state funding will be maintained in future years.

### **Variable Rate Demand Obligation Tender Risk**

Certain of the Outstanding Bonds, including without limitation certain Parking System Bonds, are structured as variable rate demand obligations for which the Financing Corporation has obtained direct-pay letters of credit to provide credit and liquidity support. To the extent any portion of these obligations are not able to be remarketed for any reason, a draw under the applicable letter of credit may need to be made to pay the purchase price of the tendered obligations. An extended period of inability to remarket these obligations may result in the Financing Corporation having to reimburse the letter of credit bank for the draw to pay the purchase price of the obligations. Any such accelerated payment with respect to these variable rate demand obligations may have an adverse effect on the Financing Corporation's financial position and cash flow and may result in a delay in payment of other contemporaneous financial obligations.

### **Secondary Market for Series 2017B Bonds**

There can be no assurance that there will be a secondary market for the Series 2017B Bonds, and from time to time there may be no market for the Series 2017B 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 Series 2017B Bonds therefore should be considered to be long-term investments in which funds are committed to maturity.

### **Hurricanes and Natural Disasters**

The University is located in the southwest region of the state of Florida in Ft. Myers, an area fifteen miles inland from the Gulf of Mexico. The coastal areas are generally susceptible to hurricanes, severe weather disturbances and floods. The occurrence of such natural events could damage the facilities of the University, or the local infrastructure that provides essential transportation and utilities services to the University. No assurance can be given as to whether future natural events will occur that could materially impair the Financing Corporation's receipt of Parking System Revenues.

On September 10, 2017, Hurricane Irma ("Irma") struck the State of Florida. The University and the surrounding area received significant wind and rain from the storm. The University closed temporarily and classes resumed on September 20, 2017. Preliminary assessments by University personnel indicate that damage consists primarily of removal of downed trees and limbs. Some student residences sustained minimal damage. North Lake Village had approximately 25 units that required cleanup work and West Lake Village had minimal window damage that required temporary relocation of a few residents. Additionally, the North Lake Village Boardwalk incurred beach erosion. The parking facilities in the Parking System did not sustain any material damage. Although the financial impact is not certain at this time, the University expects that repairs of damage caused by Irma will either be funded from federal emergency management reimbursements or from the University's housing facility repair and maintenance budget. Management of the University does not expect that expenses resulting from Irma will materially adversely impact the University's Fiscal Year 2018 budget.



## **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 "FFSC"). Pursuant to administrative rulemaking, FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Financing Corporation, and certain additional financial information, unless the Financing Corporation believes in good faith that such information would not be considered material by a reasonable investor. The Financing Corporation is not, and has not been, in default on any bond issued since December 31, 1975.

## **CONTINUING DISCLOSURE**

The Financing Corporation has covenanted for the benefit of the Owners of the Series 2017B Bonds to provide certain financial information and operating data relating to the Parking System and the Series 2017B Bonds in each year, and to provide notices of the occurrence of certain enumerated material events with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX F – Form of Continuing Disclosure Agreement" attached hereto. The Continuing Disclosure Agreement shall be executed by the Financing Corporation prior to the issuance of the Series 2017B Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"). With respect to the Series 2017B Bonds, no party other than the Financing Corporation is obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the Rule.

With respect to prior undertakings, (i) audited financial statements of the Financing Corporation for Fiscal Year ended June 30, 2012 were not available prior to the filing deadline. The Financing Corporation filed its unaudited financial statements prior to such filing deadline but failed to file a separate notice that the audited financial statements were not available for filing; and (ii) the Financing Corporation filed its audited financial statements for Fiscal Year ended June 30, 2013 sixteen (16) days after the filing deadline and failed to file its unaudited financial statements for such fiscal year prior to the filing deadline.

The Financing Corporation has hired Digital Assurance Corporation (DAC) as its dissemination agent with respect to all its undertakings.

## **LITIGATION**

The Financing Corporation and the University have advised that no litigation or proceedings are pending or, to their knowledge, threatened against the Financing Corporation or the University (i) in

which an adverse determination would have a material adverse impact on the Series 2017B Bonds or would materially and adversely affect the properties, operations or financial condition of the Financing Corporation or the University, (ii) which if decided adversely to the Financing Corporation or the University, could materially and adversely affect the transactions contemplated by this Official Statement, including the imposition and collection and transfer of the Parking Revenues by the University, (iii) which seek to restrain or enjoin the issuance, sale or delivery of the Series 2017B Bonds, or (iv) which could materially and adversely affect the validity or enforceability of the Series 2017B Bonds.

## **TAX MATTERS**

### **General**

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Series 2017B Bonds in order that interest on the Series 2017B Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2017B Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2017B 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 2017B 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 has covenanted in the Trust Indenture to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2017B Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2017B Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2017B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2017B Bonds may be subject to the federal alternative minimum tax when any Series 2017B Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2017B Bonds.

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 Series 2017B Bonds. Prospective purchasers of Series 2017B Bonds should be aware that the ownership of Series 2017B 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 Series 2017B 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 the Series 2017B Bonds; (iii) the inclusion of interest on the Series 2017B Bonds in earnings of certain foreign corporations doing business in the United States for purposes of branch profits tax; (iv) the inclusion of interest on the Series 2017B Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2017B 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, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2017B 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 2017B BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Series 2017B 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 2017B 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 Series 2017B Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2017B Bonds and proceeds from the sale of Series 2017B Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2017B Bonds. This withholding generally applies if the owner of Series 2017B 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 2017B 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 2017B Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2017B 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 2017B 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 2017B Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2017B Bonds.

There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2017B Bonds.

Prospective purchasers of the Series 2017B Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2017B 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**

Under the Code, the difference between the maturity amount of the Series 2017B Bonds maturing on February 1, 20\_\_ through and including February 1, 20\_\_ (collectively, 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. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

### **Tax Treatment of Bond Premium**

The difference between the principal amount of the Series 2017B Bonds maturing on February 1, 20\_\_ through and including February 1, 20\_\_ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with

their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **FINANCIAL ADVISOR**

Public Financial Management, Inc., Orlando, Florida, is serving as Financial Advisor to the Financing Corporation with respect to the sale of the Series 2017B Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2017B Bonds and provided other advice. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2017B Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement.

### **UNDERWRITING**

The Series 2017B Bonds are being purchased by Morgan Stanley & Co. LLC, on behalf of itself and Wells Fargo Securities and SunTrust Robinson Humphrey (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2017B Bonds at an aggregate price of \$\_\_\_\_\_ (representing the par amount of the Series 2017B Bonds of \$\_\_\_\_\_, [plus/less] a [net] bond [premium/discount] of \$\_\_\_\_\_ and less an Underwriters' discount of \$\_\_\_\_\_). The Underwriter will purchase all the Series 2017B Bonds if any are purchased. The initial public offering prices set forth on the inside cover page hereof may be changed by the Underwriters and the Underwriters may offer and sell the Series 2017B Bonds to certain dealers (including dealers depositing the Series 2017B Bonds into investment trusts) and others at prices lower than the initial offering prices.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the University, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

Morgan Stanley, the parent company of Morgan Stanley & Co. LLC, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC, in addition to other retail distribution channels. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to their respective allocations of the Series 2017B Bonds.

STRH, one of the Underwriters of the Series 2017B Bonds, has entered into an agreement (the "Distribution Agreement") with SunTrust Investment Services, Inc. ("STIS") for the retail distribution of certain municipal securities offerings, including the offering of the Series 2017B Bonds. Pursuant to the Distribution Agreement, STRH will share a portion of its underwriting compensation, with respect to the Series 2017B Bonds with STIS. STRH and STIS are both subsidiaries of SunTrust Banks, Inc. SunTrust Robinson Humphrey is the trade name for certain capital markets and investment banking services of SunTrust Banks and its subsidiaries.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series 2017B, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2017B Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2017B Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2017B Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## **CONTINGENT FEES**

The Financing Corporation has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2017B Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters is contingent upon the issuance of the Series 2017B Bonds.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2017B Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2017B Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – Indenture" attached hereto for a description of events of default and remedies.

## **RATINGS**

Fitch Ratings, Inc. ("Fitch") and Moody's Investors Service, Inc. ("Moody's") have assigned municipal bond ratings of "A+" (stable outlook) and "A2" (stable outlook), respectively, to the Series 2017B Bonds. The ratings reflect only the views of such rating agencies and an explanation of the ratings may be obtained only from such agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by any of the rating agencies, if in its judgment, circumstances so warrant. A downward change in or withdrawal of such ratings, may have an adverse effect on the market price of the Series 2017B Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following respective addresses: Fitch, 33 Whitehall Street, New York, New York 10004 and Moody's, 99 Church Street, New York, New York 10007-2796.

## **LEGAL MATTERS**

Certain legal matters incident to the issuance of the Series 2017B Bonds and with regard to the treatment of interest on Series 2017B Bonds for federal tax purposes (see "TAX MATTERS" herein) are subject to the legal opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2017B Bonds, will be delivered to the Underwriters at the time of original delivery of the Series 2017B Bonds.

The proposed text of the legal opinion is set forth as APPENDIX E 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 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 2017B Bonds will be passed upon for the Financing Corporation by the University's Office of General Counsel, as Financing Corporation's Counsel, and by Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Foley & Lardner LLP, Jacksonville, Florida.

## **FINANCIAL STATEMENTS**

The Financing Corporation's Financial Statements for the Fiscal Year Ended June 30, 2017, included in APPENDIX A attached hereto have been audited by Tuscan & Company, P.A., Certified Public Accountants (the "Financing Corporation Auditor"), as set forth in its report dated August 16, 2017. The Financial Statements are included as a publicly available record, and the consent of the Financing Corporation Auditor to include such statements was not requested. The Financing Corporation Auditor was not requested to perform and has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2017B Bonds.

The University's Financial Audit for Fiscal Year Ended June 30, 2016 included in APPENDIX B attached hereto has been audited by Sherrill F. Norman, Auditor General (the "University Auditor"), as set forth in its report dated March 15, 2017. The Financial Audit is included as a publicly available

record, and the consent of the University Auditor to include such statements was not requested. The University Auditor was not requested to perform and has not performed any services in connection with the preparation of this Official Statement or the issuance of the Series 2017B Bonds.

#### **ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT**

The references, excerpts, and summaries of all documents, statutes, and information concerning the Financing Corporation and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2017B Bonds, the security for the payment of the Series 2017B Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2017B Bonds.

The Appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

[Remainder of page intentionally left blank]



## AUTHORIZATION 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 2017B 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 (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no certification shall be expressed), as of its date and as of the date of delivery of the Series 2017B 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

By: \_\_\_\_\_  
Steve Magiera, Executive Director

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX A**

Florida Gulf Coast University Financing Corporation Financial Statements  
for Fiscal Year ended June 30, 2017

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FLORIDA GULF COAST UNIVERSITY  
FINANCING CORPORATION**

**BASIC FINANCIAL STATEMENTS  
TOGETHER WITH REPORTS OF  
INDEPENDENT AUDITOR**

**YEAR ENDED  
JUNE 30, 2017**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>Independent Auditor's Report .....</b>	1-3
<b>Management's Discussion and Analysis .....</b>	4-9
<b><u>Basic Financial Statements</u></b>	
Statement of Net Position .....	10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows .....	12
Notes to the Financial Statements .....	13-24
<b><u>Additional Reports of Independent Auditor</u></b>	
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 <u>Government Auditing Standards</u> .....	25-26
Independent Auditor's Report to Management .....	27-28
Management's Response to the Independent Auditor's Report To Management .....	Exhibit



Affiliations  
Florida Institute of Certified Public Accountants  
American Institute of Certified Public Accountants  
Private Companies Practice Section  
Tax Division

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Florida Gulf Coast University Financing Corporation  
10501 FGCU Boulevard South  
Fort Myers, Florida 33965-6565

### Report on the Financial Statements

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, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Financing Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Financing Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

INTEGRITY ..... SERVICE ..... EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

Board of Directors  
Florida Gulf Coast University Financing Corporation  
Page 2

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financing Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Gulf Coast University Financing Corporation as of June 30, 2017, and the respective changes in its net position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information - Management's Discussion and Analysis on pages 4-9 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 required supplementary information - Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

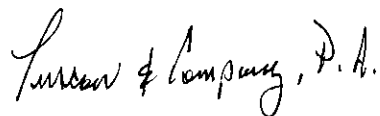
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Financing Corporation's basic financial statements. The Exhibit - Management's Response to the Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic

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 16, 2017 on our consideration of the 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's Financing Corporation's internal control over financial reporting and compliance.

A-3



TUSCAN & COMPANY, PA  
Fort Myers, Florida  
August 16, 2017

#### FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2017

##### 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, 2017, with 2015-16 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

The Financing Corporation did not issue additional Capital Improvement Revenue Bonds or amend any outstanding bonds or loans payable during the fiscal year ended June 30, 2017. The Financing Corporation has no immediate plans to issue additional Capital Improvement Revenue Bonds to construct additional student residence facilities, parking garages or other facilities.

On December 17, 2015, the Financing Corporation entered into an Agreement of Sale and Purchase for the land in Naples. Under the Third Amendment to Purchase and Sales Agreement, the inspection period was extended to November 4, 2016. The Financing Corporation closed on the sale of the land in Naples on December 1, 2016 at its contracted sales price of \$5.0 million. Proceeds from the sale were used to extinguish the \$5.0 million loan from the Foundation.

On December 21, 2015, the Financing Corporation purchased a solar photovoltaic generation facility (Solar Facility) previously owned by a private third party corporation (Company) from Lee County Tax Collector in a public auction due to delinquent taxes not paid by the Company for \$127 thousand. The Financing Corporation had an outstanding pre-paid equipment lease on the Solar Facility with the Company for \$6.0 million. The outstanding amount of the pre-paid equipment lease was deemed to have been fair market value on January 1, 2016 therefore the Solar Facility was reclassified to an Investment in Capital Assets from a pre-paid equipment lease. On July 1, 2016, the Financing Corporation transferred the Solar Facility to the University at the net book value of \$5.7 million.

Construction continued on the North Lake Village Improvement Project, which includes several outdoor common areas along the North Lake Village waterfront connected through a boardwalk. As of June 30, 2017, the Financing Corporation had invested \$1.8 million in the North Lake Village Improvement Project.

The Housing system is managed and operated by the University's Office of Housing and Residence Life. The North Lake Village Student Residence facilities (Phase I-VII) are comprised of apartment style buildings (two or four bedroom, 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 located approximately one mile northwest of Florida Gulf Coast University include development of multiple future phases of student housing. 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. Additional future recreational and athletic facilities will be located in the South Village Student Residence.

The Parking facilities are managed and operated by the University's Office of Parking Services. The parking system consists of parking facilities comprising 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 8,849 vehicles. Included in the total number of parking spaces is student residence parking with 2,443 spaces, the athletic complex parking with 430 parking spaces and five parking garages (I – IV and South Village) with a total of 4,313 spaces. Currently, the parking facilities are comprised entirely of surface parking with the exception of the five covered parking garages. University 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 for cash or payroll deduction over either one, five, or ten 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 follow facilities:

	Year Opened	Capacity	Total Parking Spaces
Parking Lot 1 (main campus)	1997	240	240
Parking Lot 2 (main campus)	1997	305	545
Parking Lot 3 (main campus)	1997	115	660
Parking Lot 5 (main campus)	1997	203	863
Student Residence Phase I	1998	300	1,163
Student Residence Phase II	2000	238	1,401
Parking Lot 7 (main campus)	2001	729	2,130
Student Residence Phase III	2001	217	2,347
Student Residence Phase IV	2002	205	2,552
Athletic Complex Parking	2002	430	2,982
Student Residence Phase V	2003	295	3,277
Parking Lot 6 (main campus)	2003	71	3,348
Student Residence Phase VI	2004	162	3,510
Student Residence Phase VII	2005	296	3,806
Parking Garage Phase I	2007	678	4,484
Student Residence Phase VIII	2008	280	4,764
Parking Garage Phase II	2008	900	5,664
Parking Garage Phase III	2009	785	6,449
Parking Residence Phase XI	2010	450	6,899
Parking Garage B - South Village	2011	1,200	8,099
Parking Garage Phase IV	2012	750	8,849

#### 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, 2017 (in thousands of dollars)				
	2017	2016	Increase (Decrease)	Change
<b>Assets:</b>				
Current Assets	\$ 20,705	\$ 25,821	\$ (5,116)	-19.8%
Noncurrent Assets	207,657	218,437	(10,780)	-4.9%
Total Assets	<u>\$ 228,362</u>	<u>\$ 244,258</u>	<u>\$ (15,896)</u>	-6.5%
<b>Liabilities:</b>				
Current Liabilities	\$ 10,049	\$ 9,114	\$ 935	10.3%
Noncurrent Liabilities	193,132	204,189	(11,057)	-5.4%
Total Liabilities	<u>203,181</u>	<u>213,303</u>	<u>(10,122)</u>	-4.7%
<b>Net Position:</b>				
Investment Capital Assets	1,656	5,747	(4,091)	-71.2%
Restricted	12,132	10,153	1,979	19.5%
Unrestricted	11,393	15,055	(3,662)	-24.3%
Total Net Position	<u>25,181</u>	<u>30,955</u>	<u>(5,774)</u>	-18.7%
<b>Total Liabilities and Net Position</b>	<u>\$ 228,362</u>	<u>\$ 244,258</u>	<u>\$ (15,896)</u>	-6.5%

The decrease in total assets of the Financing Corporation is \$15.9 million, or 6.5%. The decrease is the result of the transfer of the Solar Facility to the University in the amount of \$5.7 million, the sale of the Naples land in December 2016 in the amount of \$5.0 million, the amortization of Investment in Direct Financing Lease from the University in the amount of \$5.6 million, which represents the annual principal payments on the outstanding bonds and loans payable, and a decrease in investments of \$1.2 million. These amounts were offset with an increase in construction in progress for the North Lake Village Project of \$1.6 million.

The decrease in total liabilities of \$10.1 million, or 4.7%, is primarily the result of the extinguishment of the Foundation loan payable for \$5.0 million, principal bond payments for \$5.6 million, offset by an increase in payables of \$0.5 million mainly from housing improvement projects.

The Financing Corporation's financial position, as a whole, decreased during the fiscal year ended June 30, 2017 in the amount of \$5.8 million, or 18.7 percent, over the net position balance at June 30, 2016. This was primarily a result of the Solar Facility transfer to the University at July 1, 2016 for \$5.7 million. The Financing Corporation continues to experience sound financial condition and health.

Restricted net position included \$8.1 million in the required debt service reserve accounts for Capital Improvement Revenue Bonds, Series 2010A, 2010B, 2011A, 2013A, and Loan Agreements 2005A and 2005B, and \$4.0 million restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements.

#### 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, 2017  
(in thousands of dollars)

	2017	2016	Increase (Decrease)	Change
Operating Revenues	\$ 18,253	\$ 18,925	\$ (672)	-3.6%
Less: Operating Expenses	14,278	14,288	(10)	0.1%
Less: Net Non-Operating Expenses	9,749	7,079	2,670	-37.7%
Change in Net Position	(5,774)	(2,442)	(3,332)	-136.4%
Net Position, Beginning of Year	30,955	33,397	(2,442)	-7.3%
Net Position, End of Year	\$ 25,181	\$ 30,955	\$ (5,774)	-18.7%

Total operating revenues for the fiscal year ended June 30, 2017, decreased \$0.7 million, or 3.6% percent over the 2015-16 fiscal year. This decrease was due to the loss of \$0.2 million Student Union net rental income because of the prepayment and redemption on the 2007B bonds during the fiscal year ended June 30, 2016, and a decrease of \$0.5 million in net student residence rental income primarily from a decrease in occupancy.

Total operating expenses for the fiscal year ended June 30, 2017, were \$14.3 million of which \$8.4, or 58.7% percent, was for debt service (interest expense) and \$5.6 million, or 39.2% percent, was for bond and loan principal payments (direct financing lease amortization). The slight overall decrease in operating expenses from the 2015-16 fiscal year was the net effect of a \$0.8 million increase in interest and principal bond payments, a reduction of \$0.6 million of Solar Facility costs from the transfer of the Facility to the University, and a \$0.2 million decrease in personnel, services, and material costs.

Net Non-Operating Expense increased \$2.7 million, or 37.7%. The transfer of the Solar Facility to the University in the amount of \$5.7 million and an increase in transfers to University of \$1.4 million primarily for on-going Housing improvement costs were offset with non-recurring reductions for expenses incurred in fiscal year 2015-16 for the defeasement of the 2007B Student Union bond issue of \$3.8 million and a \$0.7 million Naples land fair value adjustment.

#### 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 Direct Financing Lease

Investment in the direct financing lease in the amount of \$193.7 million recognizes a capital lease between the Financing Corporation and the University for land leased from the University. The University leased back the land 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 first parking garage placed in service in 2007.

##### Construction in Progress

During fiscal year 2016-17, the Financing Corporation continued construction on North Lake Village including enhancing several outdoor common areas along the North Lake Village waterfront and connecting them through a boardwalk. At June 30, 2017, the Financing Corporation had \$1.8 million as construction in progress for this project.

#### Factors Impacting Future Periods

The Financing Corporation is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on the financial position of operations during the year ending June 30, 2018. The Financing Corporation's financial outlook for the future continues to be positive. The level of variable rate (12.6%) versus fixed rate (87.4%) debt is one of the key factors influencing the Financing Corporation activities. Fixed and variable interest rates have been historically low and are expected to remain relatively stable in the short term. Given current market conditions, the Financing Corporation is contemplating a current refunding of Series 2003 Housing Revenue Bonds, Series 2007A Housing Revenue Bonds and 2007C Parking Revenue Bonds, which is expected to be executed no later than Fall 2017 if savings on debt service costs are able to be realized at the time of the potential sale.

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 occupancy statistics.

Enrolled Fiscal Year	Enrolled Students	Housing Capacity	Living in Housing	Occupancy
2007-08	9,388	1,984	2,003	100.96%
2008-09	10,238	2,391	2,412	100.88%
2009-10	11,105	2,798	2,812	100.50%
2010-11	12,038	2,798	2,827	101.04%
2011-12	12,655	3,719	3,720	100.03%
2012-13	13,442	4,253	4,245	99.81%
2013-14	14,074	4,253	4,282	100.68%
2014-15	14,463	4,788	4,798	100.21%
2015-16	14,824	4,788	4,818	100.63%
2016-17	14,821	4,788	4,734	98.87%

\*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.

	FY13	FY14	FY15	FY16	FY17	FY18
North Lake Village	\$ 2,890	\$ 2,890	\$ 2,890	\$ 2,890	\$ 2,890	\$ 2,890
South Lake Village	3,169	3,169	3,169	3,169	3,169	3,169
West Lake Village	2,741	2,741	2,741	2,741	2,741	2,741
West Lake Village - 12 month agreement	7,200	7,200	7,200	7,200	7,200	7,200

Another significant factor in the Financing Corporation's economic position relates to its ability to provide adequate parking facilities. The University estimates that demand for parking will increase by 1% yearly. Demand for visitor parking is also expected to increase by 1% per year. Limited future surface parking will be available as the University's core campus matures. Outlined below is the parking decal statistics for the Parking Facilities.

Fiscal Year	Enrolled Students	Faculty & Staff	Parking Capacity	Decals Sold
2007-08	9,388	918	4,683	913
2008-09	10,238	953	5,863	930
2009-10	11,105	988	6,449	1,003
2010-11	12,038	1,028	6,449	1,080
2011-12	12,655	1,089	8,849	1,335
2012-13	13,442	1,144	8,849	1,299
2013-14	14,074	1,180	8,849	1,438
2014-15	14,463	1,256	8,849	1,495
2015-16	14,824	1,294	8,849	1,490
2016-17	14,821	1,334	8,849	1,535

The following table lists the types of parking charges for parking facilities available to students and staff and the related historical rates on a per student/staff, per term/year, basis for each fiscal year.

Fall Term	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Decal Fee	\$ 107	\$ 107	\$ 115	\$ 115	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118
Term Decal Fee	\$ 43	\$ 43	\$ 58	\$ 58	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Reserved Annual Decal Fee	\$ 482	\$ 482	\$ 525	\$ 525	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535	\$ 535
Parking Decal Hourly Fee*	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75
Transportation Hourly Fee**	\$ 5.25	\$ 5.25	\$ 5.75	\$ 5.75	\$ 5.95	\$ 5.95	\$ 5.95	\$ 5.95	\$ 5.95	\$ 5.95

\* Parking Decal Hourly Fee paid by students on a per credit hour basis and includes sales tax.

\*\* Transportation Decal Hourly Fee paid by students on a per credit hour basis.

#### Commitments and Contingencies

The Financing Corporation has outstanding contracts, commitments or contingencies for the North Lake Village Improvement Project with a current remaining construction commitment in the amount of \$0.3 million as of June 30, 2017.

#### Florida Gulf Coast University Financing Corporation Statement of Net Position June 30, 2017

Page 10 of 28

#### ASSETS

##### Current Assets:

Cash and Cash Equivalents	\$ 50,000
Investment with State Treasury	20,613,896
Interest Receivable (includes \$11,174 restricted)	41,690
<b>Total Current Assets:</b>	<b>20,705,586</b>

##### Noncurrent Assets:

Cash and Cash Equivalents	370,657
Investment in Direct Financing Lease	193,688,170
Investment with State Treasury	4,000,000
Investment with State Treasury - Debt Reserve	7,750,409
Construction in Progress	1,847,476
<b>Total Noncurrent Assets:</b>	<b>207,656,712</b>

#### Total Assets

228,362,298

#### LIABILITIES

##### Current Liabilities:

Interest Payable	3,325,754
Due to University	517,543
Construction Contract Payables	67,732
Retainage Payable	123,611
Loans Payable - Current Portion	500,000
Bonds Payable - Current Portion	5,515,000
<b>Total Current Liabilities:</b>	<b>10,049,640</b>

##### Noncurrent Liabilities:

Loans Payable	10,000,000
Bonds Payable, Net	183,132,029
<b>Total Noncurrent Liabilities:</b>	<b>193,132,029</b>

#### Total Liabilities

203,181,669

#### NET POSITION

Net Investment in Capital Assets	1,656,133
Restricted	12,132,240
Unrestricted	11,392,256
<b>Total Net Position</b>	<b>\$ 25,180,629</b>

The accompanying notes are an integral part of this statement.

**Florida Gulf Coast University Financing Corporation**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2017**

Page 11 of 28

**REVENUES**

Operating Revenues:	
Net Rental Income Received from University	\$ 18,217,887
Miscellaneous Revenue	35,000
<b>Total Operating Revenues</b>	<u>18,252,887</u>

**EXPENSES**

Operating Expenses:	
Debt Service	8,379,313
Financing Lease Amortization	5,625,000
Bond Premium Amortization, Net	(41,641)
Personnel Expenses	74,103
Contractual Expenses	21,710
Insurance	161,124
Material and Supplies	4,867
Other Expenses	53,526
<b>Total Operating Expenses</b>	<u>14,278,002</u>

<b>Operating Income</b>	<u>3,974,885</u>
-------------------------	------------------

**NON-OPERATING REVENUES (EXPENSES)**

Investment Income	445,350
Loss on Sale - Naples Land	(56,643)
Transfers Out to University	(10,138,132)
<b>Total Net Non-Operating Expenses</b>	<u>(9,749,425)</u>

<b>Decrease in Net Position</b>	(5,774,540)
---------------------------------	-------------

<b>Net Position, June 30, 2016</b>	30,955,169
------------------------------------	------------

<b>Net Position, June 30, 2017</b>	<u>\$ 25,180,629</u>
------------------------------------	----------------------

**Florida Gulf Coast University Financing Corporation**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2017**

Page 12 of 28

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Rental Income - Received from University	\$ 18,217,887
Interest Paid on Debt	(8,489,869)
Payments to and on Behalf of Employees	(74,103)
Payments to Suppliers of Goods and Services	(264,563)
Miscellaneous Revenue	42,000
<b>Net Cash Provided by Operating Activities</b>	<u>9,431,352</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Transfer out to University	(3,873,127)
<b>Net Cash Used in Non-Capital Financing Activities</b>	<u>(3,873,127)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Deposit Payable	(25,000)
Bond/Loan Principal Payments	(5,625,000)
Capital Expenditures	(1,436,800)
Loss on Sale - Naples Land	(56,643)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(7,143,443)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash from Investments, Net	1,112,465
Interest Earned	447,827
<b>Net Cash Provided by Investing Activities</b>	<u>1,560,292</u>

<b>Net Decrease in Cash and Cash Equivalents</b>	(24,926)
Cash and Cash Equivalents, Beginning of Year	445,583

<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 420,657</u>
---	-------------------

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 3,974,885
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization of Bond Premium/Discount, Net	(41,641)
Amortization of Direct Financing Lease	5,625,000
Account Receivable	7,000
Interest Payable	(110,555)
Accounts Payable	(23,337)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 9,431,352</u>

**NON CASH TRANSACTION:**

On July 1, 2016, the Financing Corporation transferred the Solar Facility to the University to maintain and operate at the net depreciable value of \$5,757,462. At June 30, 2017, the Solar Facility is no longer reported as an asset by the Financing Corporation.

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION**  
**A COMPONENT UNIT OF FLORIDA GULF COAST UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2017**

**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 (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 such construction. 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.

The governing body of the Financing Corporation is its Board of Directors (Board). The Board is composed of at least five (5) but no more than seven (7) 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, 2017. 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. The financial statements for the fiscal year ended June 30, 2017, are blended in the financial statements of the University. Through the application of these standards, no entities were required to be or are reported as component units of the Financing Corporation.

**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," 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, 2016, the Financing Corporation had net investment in capital assets in the amount of \$5,747,462 for the Solar Facility. On July 1, 2016, the Financing Corporation transferred the Solar Facility in the amount of \$5,747,462 to the University to maintain and operate. At June 30, 2017, the Financing Corporation had net investments in capital assets in the amount of \$1,656,133 for the North Lake Village (NLV) Improvement Project. Upon completion, the Financing Corporation intends to transfer the project to the University to maintain and operate.

- 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, 2017, 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." The Financing Corporation follows GASB Statement No. 62, which incorporates FASB Statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

**RESTRICTED ASSETS**

Restricted assets are cash 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.

**CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The Financing Corporation invests its cash, cash equivalents, and investments in qualified public deposits and/or the Special Purpose Investment Account (SPIA) per Florida Statute 215.47. Cash and cash equivalents include operating cash account balances as well as unspent bond proceeds. Investments are reported at book value, which is fair value. Realized and unrealized gains and losses are reflected in the Statement of Revenue, Expenses and Changes in Net Position. 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.

**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, are not depreciated.

**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. The Financing Corporation's policy is to begin amortization in the first full year of the bond's term.

**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 Flow for Proprietary and Non-expendable Trust Funds*.

**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 investments (amounts in excess of FDIC limits) 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 16, 2017, 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 are 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.

The Financing Corporation reported restricted cash equivalents totaling \$370,657 at June 30, 2017, 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 deposited a contribution equal to the 2005B maximum bond service requirement in the amount of \$370,470. This amount including interest is required to be disclosed as Restricted Cash and Net Position.

At June 30, 2017, the total carrying amount of the Financing Corporation's deposits was \$420,657 and the bank balances totaled \$439,927. Of the bank balance, \$319,264 was insured by Federal Depository Insurance with the remainder uninsured.

**3. INVESTMENTS**

As of June 30, 2017, the Financing Corporation had the following external investment pools:

<u>Investment</u>	<u>Book Value</u>
State Treasury Pool Investments	<u>\$32,364,305</u>

The Financing Corporation reported investments at book value, which is fair value, totaling \$32,364,305 at June 30, 2017, 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. The SPIA carried a credit rating of A-1 by Standard and Poor's and had an effective duration of 2.80 years at June 30, 2017. SPIA is not exposed to foreign currency risk. The Pool's unaudited fair value factor is .8923. 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. 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 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 Comprehensive Annual 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 investment amount, \$4,000,000 is restricted by the covenants of the Series 2008A and 2009A bond reimbursement agreements (as well as the parity bond issues) as a cash liquidity requirement, as well as the Master Capital Lease Operating Agreement. Also included in the reported investment amount are the following restricted debt reserve account balances:

<u>Bond Series</u>	<u>06/30/17 Balance</u>
2005A	\$ 515,819
2010A	2,117,546
2010B	1,092,664
2011A	2,078,518
2013A	1,945,862
Total Debt Service Reserve Account:	<u>\$ 7,750,409</u>

\$20,613,896 of the reported total investment amount is unrestricted.

As of June 30, 2017, 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.

**4. 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 and loan principal paid over the term of the debt. For the year ended June 30, 2017, the investment in direct financing lease was amortized in the amounts of \$5,075,000 for student residences, and \$550,000 for parking facilities.

At June 30, 2017, the Financing Corporation's Investment in Direct Financing Lease was \$193,688,170 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
Less: Bond Principal Paid To-Date		205,848,056
Total Student Residence		<u>(32,635,000)</u>
		<u>\$ 173,213,056</u>
Parking Facilities	Fiscal Year of Completion	Amount
Phase I	2007	\$ 7,008,293
Phase II	2008	10,186,821
Phase III	2010	8,000,000
		25,195,114
Less: Bond Principal Paid To-Date		<u>(4,720,000)</u>
Total Parking Facilities		<u>\$ 20,475,114</u>
Total Investment in Direct Financing Lease		<u>\$ 193,688,170</u>

##### 5. DEPRECIABLE CAPITAL ASSETS – SOLAR FACILITY, NET

On December 31, 2008, Florida Gulf Coast University (University) and a private third party corporation (Company) entered into the Energy Services and Sublease Agreement (ESA) which provided for the sublease of sixteen acres located on the campus of the University (Property Site) to the Company for the construction, maintenance and operation of a solar photovoltaic generation facility by the Company (Solar Facility). The University agreed to contribute funds totaling \$8,000,000 for the cost of the entire Solar Facility. On July 1, 2009, the Financing Corporation entered into a Solar Energy Agreement with the University assuming all rights and obligations of the University pursuant to the ESA as relates to the Solar Facility (excluding matters relating to the subletting of the Property Site to the Company). The Financing Corporation, in turn, agreed to provide the solar energy to the University's campus or designated facilities. As consideration for the agreement of the Financing Corporation, the University agreed to pay to the Financing Corporation a total of \$7,000,000.

On July 1, 2009, the Financing Corporation entered into Amendment No. 2 and joined as a party to the ESA along with the University and the Company, whereas the Financing Corporation assumed all rights and obligations of the University with respect to the construction, operation, and maintenance of the Solar Facility releasing the Company from such obligations. The Company, in lieu of receiving the \$8,000,000 contribution by the University, entered into a loan with the Financing Corporation in the amount of \$7,000,000 in the form of a Promissory Note (Note). Interest accrues under this Note at a rate of 4.36% per annum, compounded annually, from the date the principal was disbursed to the Company but not due and payable until July 2, 2029, the maturity date of the Note. In the event the University or Financing Corporation exercise their option to purchase the Solar Facility at fair market value, under the ESA agreement, the outstanding amount of the Note (including principal and accrued interest), will be credited against the purchase price. The personal property of the Solar Facilities serves as collateral, securing the Company's obligations under the Note and ESA as amended.

On December 31, 2011, the Financing Corporation entered into Amendment No. 4 to the ESA along with the University and the Company to establish a Personal Property Equipment Lease (Equipment Lease) of the Solar Facility. For the consideration of the Equipment Lease, the amount of principal and interest outstanding under the Note dated July 1, 2009 was considered advance rent and was reclassified from a Loan Receivable to a Prepaid Equipment Lease. The total rent due was paid in advance by the irrevocable cancellation of the Company's obligations to repay the principal and interest under the Note. The Note is deemed to have been paid and satisfied in full by the application of such amounts as advance rent. The Equipment Lease shall terminate concurrently with the termination of all other provisions of the ESA and shall further terminate in the event the University or Financing Corporation exercise their option to purchase the Solar Facility at fair market value, under the ESA agreement, the outstanding amount of the advance rent will be credited against the

purchase price. To secure the Company's obligations under this agreement, the Company granted to the University and the Financing Corporation a security interest in any and all personal property constituting the Solar Facility. At June 30, 2015, the Financing Corporation recorded a prepaid lease of \$6,173,200. The lease amortized in the amount of \$425,738 per year. The ESA terminates on December 29, 2029, the 20<sup>th</sup> anniversary of operations commencement.

During the year ended June 30, 2016, the Financing Corporation was notified by the Lee County Tax Collector's Office a public auction would be held to sell the right, title, and interest, if any, to all personal property constituting the Solar Facility located on the campus of the University due to delinquent taxes owed by the Company. On December 21, 2015, the Financing Corporation purchased the Solar Facility from Lee County Tax Collector in a public auction in the amount of the delinquent taxes of \$126,707. The Financing Corporation declared an Event of Default under the ESA on the part of the Company, which voided the agreement. The outstanding amount of the pre-paid equipment lease was deemed to have been fair market value on January 1, 2016 in the amount of \$5,960,331 therefore the Solar Facility was reclassified to an Investment in Capital Assets from a prepaid equipment lease. The Financing Corporation amortized the pre-paid equipment lease for 6 months in the amount of \$212,869 and recorded depreciation of the capital asset for 6 months in the amount of \$212,869. At June 30, 2016, the Financing Corporation recorded Net Investment in Capital Assets in the amount of \$5,747,462 for the Solar Facility.

On July 1, 2016, the Financing Corporation transferred the Solar Facility to the University to maintain and operate at the net depreciable value of \$5,747,462. At June 30, 2017, the Solar Facility is no longer reported as an asset by the Financing Corporation.

##### 6. CONSTRUCTION IN PROGRESS

During the year-ended June 30, 2016, the Financing Corporation started construction and committed a cash contribution in the amount of \$2,700,000 toward a new 8,000 square foot dining facility in the center of North Lake Village including enhancing several outdoor common areas along the North Lake Village waterfront and connecting them together through a boardwalk. At June 30, 2017, the North Lake Village improvement project remains under construction with a planned opening in the fall semester of 2017. The following is a summary of the Financing Corporation's construction in progress activity for the year-ended June 30, 2017.

Construction in Progress:	Beginning Balance	Adjustments/ Increase	Transfer To University	Ending Balance
North Lake Village	\$ 223,544	\$ 1,623,932	\$ -	\$ 1,847,476
Total	<u>\$ 223,544</u>	<u>\$ 1,623,932</u>	<u>\$ -</u>	<u>\$ 1,847,476</u>

##### 7. LAND

During the year ended June 30, 2006, the Financing Corporation purchased land in Naples, Florida for the purpose of establishing a Naples Center. The land was purchased for \$5,000,000 plus closing costs of \$15,670. The related interest costs incurred of \$695,257 were also capitalized into the cost of the land. During the year ended June 30, 2016, the University informed the Financing Corporation it no longer intended to use the land. Further interest costs of carrying the land were expensed. The Financing Corporation placed the land for sale and received a contract for sale in the amount of \$5,000,000. At June 30, 2016 the Financing Corporation had recorded the land at \$5,000,000, the contracted sales price.

Under the Third Amendment to Purchase and Sale Agreement dated May 12, 2016, the Financing Corporation received a nonrefundable extension fee deposit in the amount of \$25,000 to extend the inspection period to November 4, 2016. The Financing Corporation also received \$42,000 as reimbursement for a portion of the related interest costs during the extension period. The agreed upon amount was payable in two payments of \$21,000, received on September 1, 2016 and December 1, 2016. The total interest cost incurred for the year ended June 30, 2017, was \$59,475.

On December 1, 2016 the Financing Corporation closed on the sale of the land in Naples and recognized a loss on sale of \$56,643 representing the closing fees associated with the sale. The proceeds from the sale were used to fully satisfy the respective loan payable to the Foundation. At June 30, 2017 the land is no longer reported as an asset of the Financing Corporation.

**8. LONG TERM LIABILITIES**

Bonds and Loans payable activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
Series 2003	\$ 36,555,000	\$ -	\$ (1,315,000)	\$ 35,240,000	\$ 1,370,000
Series 2007A	20,825,000	-	(625,000)	20,200,000	645,000
Series 2007C	8,310,000	-	(250,000)	8,060,000	260,000
Series 2008A	18,765,000	-	(540,000)	18,225,000	565,000
Series 2009A	6,920,000	-	(200,000)	6,720,000	210,000
Series 2010A	28,770,000	-	(705,000)	28,065,000	725,000
Series 2010B	15,270,000	-	(375,000)	14,895,000	390,000
Series 2011A	28,235,000	-	(625,000)	27,610,000	945,000
Series 2013A	29,320,000	-	(690,000)	28,630,000	705,000
Loan Payable:					
2005A Loan	6,200,000	-	(200,000)	6,000,000	300,000
2005B Loan	4,600,000	-	(100,000)	4,500,000	200,000
Foundation	5,000,000	-	(5,000,000)	-	-
Total	208,770,000	-	(10,625,000)	198,145,000	6,015,000
Add:					
Bond Discounts and Premium	1,043,670	-	(41,641)	1,002,029	-
Total	\$ 209,813,670	\$ -	\$ (10,666,641)	\$ 199,147,029	\$ 6,015,000

**Loans Payable**

(1) On March 27, 2006, the Financing Corporation entered into a Loan and Hold Harmless Agreement with Florida Gulf Coast University Foundation, Inc., (Foundation) in the amount of \$5,000,000, for the purpose of acquiring approximately two acres of land in the Grand Central Station Development in Naples, Florida in an effort to establish a Naples campus. The agreement was in accordance with the December 14, 2005, Purchase and Sale Contract between the Financing Corporation and Brompton Road Partners LLC, and the related Florida Gulf Coast University Board of Trustees resolution of June 21, 2005. Principal payments are equal to all funds collected by the Foundation pursuant to a capital campaign for the Florida Gulf Coast University Naples Center Project. The Financing Corporation originally drew the entire \$5,000,000 and purchased the land. The obligations under the loan are secured solely by the assignment of the capital campaign. As of June 30, 2016, the Foundation had raised \$1,000,000 of the \$5,000,000 million capital campaign toward this project. Interest is assessed on the difference between the \$5,000,000 million borrowed and the donations collected, reduced by the amount of interest income earned during the year on the donations. During the year ended June 30, 2016, the University notified the Financing Corporation it no longer intended to use the land and received a contract for sale for \$5,000,000. The Financing Corporation closed on the sale of the land on December 1, 2016 and proceeds from the sale were used to pay off the loan with the Foundation. Interest was due on the loan quarterly until the sale and was payable to the Foundation at 65% of prime. For the period July 1, 2016, to December 1, 2016, the interest rate was prime at 3.5% x 65% = 2.275%. Therefore, the Financing Corporation's interest expenses for the year ended June 30, 2017 was equal to \$59,475. At June 30, 2017, the Financing Corporation had no loan payable due to the Foundation.

(2) 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 Loan was 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 May 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 on July 1, 2013 with the Trustee a contribution equal to the amount of the 2005A Debt Service Reserve requirement in the amount of \$513,050 into 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 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 requirement in the amount of \$370,470 to be held by the Lender as long as they are the owner of the bonds. The amounts in the 2005B Debt Reserve Fund with the Lender are available exclusively for payment of the Loan. The reserve funds are held by the Lender and 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, February 1, 2026, and in its sole discretion extend the term for an additional seven year period through the original maturity date of February 1, 2035. The Financing Corporation may prepay the Loan in whole or part anytime, however, the Financing Corporation 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 2.61% paid semi-annually with principal payable in varying amounts annually on February 1, 2014 through 2035. On February 1, 2017, a principal loan payment in the amount of \$300,000 was paid leaving the outstanding Capital Improvement Revenue Loan Series 2005A in the amount of \$6,000,000 and Capital Improvement Revenue Loan Series 2005B in the amount of \$4,500,000 at June 30, 2017. 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 2003

On December 10, 2003, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2003 in the par amount of \$47,500,000. The proceeds derived from the sale of the Revenue Bonds were used to finance the acquisition, construction and equipping of a new 288 bed apartment style student residence facility (North Lake Student Residence Complex - Phase VI) on the campus of the University and the redemption of the outstanding principal amount of \$21,500,000 of the \$22,000,000 Certificates of Participation, Series 2000, \$8,000,000 of the original \$8,000,000 Certificates of Participation, Series 2002, and \$9,000,000 of the original \$9,000,000 Certificates of Participation, Series 2002A each previously issued by the Florida Gulf Coast Foundation for the purpose of constructing Student Residence Phases I-IV (North Lake Student Residence Complex). No gain or loss on redemption was realized or recorded by the Financing Corporation. On August 1, 2005, and August 1, 2006, annual bond principal payments in the amount of \$900,000 were paid leaving the outstanding Capital Improvement Bonds, Series 2003 in the amount of \$45,700,000 at June 30, 2007.

On August 1, 2007, the Financing Corporation converted and reissued the Capital Improvement Revenue Bonds, Series 2003 from variable rate to fixed rate bonds in the amount of \$45,700,000. A principal bond payment in the amount of \$360,000 was made at this time leaving an outstanding balance in the amount of \$45,340,000. The bonds were issued at par with additional contributions made by the Financing Corporation in the amount of \$900,090 to fund closing costs and the \$360,000 principal payment. Interest is payable based upon fixed rates ranging from 4.00% to 5.00% and is paid semi-annually with principal payable in varying amounts paid annually on August 1, 2008 through 2034. At the time of issuance, insurance premiums were paid in the amount of \$341,000 representing the charge for a transfer of credit risk on the Series 2003 bonds and issuance of a Bond Insurance Policy. Net assets include \$1,000,000 which was required to be held (restricted) as a condition of the outstanding Capital Revenue Bonds, Series 2003 and is now associated with the Capital Improvement Bonds, Series 2008A. The 2003 bonds are collateralized by the net rental revenues of the student residences system and the parking system.

On July 1, 2014, the Financing Corporation Board of Directors internally restricted cash to be held equivalent to a maximum annual debt service reserve account as if one had been required in the amount of \$2,984,094 to provide additional security and cash liquidity for the series 2003 bonds. The internally restricted funds are invested with the State Treasury and included in Unrestricted Net Position.

On August 1, 2016, a principal bond payment in the amount of \$1,315,000 was paid leaving the outstanding Capital Improvement Revenue Bonds Series 2003 in the amount of \$35,240,000 at June 30, 2017.

(2) Capital Improvement Revenue Bonds Series 2007A, and 2007C

On May 10, 2007, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2007A in the amount of \$25,000,000 representing the par amount plus original issue premium in the amount of \$604,702 and Capital Improvement Revenue Bonds, Series 2007C in the amount of \$10,000,000 representing the par amount, less the original issue discount in the amount of \$187,832. The proceeds derived from the sale of the Series 2007A Revenue Bonds were

used to finance the construction and equipping of a new 407 bed suite style student residence facility (South Village Student Residence Complex - Phase VIII) including a new foodservice facility; and the proceeds derived from the sale of the Series 2007C Revenue Bonds were used to finance the construction of a new 900 space parking garage (Parking Facilities Phase II). Interest is payable based upon fixed rates ranging from 4.00% to 5.00% and is paid semi-annually with principal payable in varying amounts annually on February 1, 2009 through 2037. At the time of issuance, insurance premiums were paid in the amounts of \$226,000 for the Series 2007A and \$100,000 for the Series 2007C representing the charge for a transfer of credit risk and issuance of a Bond Insurance Policy. The Bonds are collateralized by the net rental revenues of the student residences system and parking system.

On July 1, 2014, the Financing Corporation Board of Directors internally restricted cash to be held equivalent to a maximum annual debt service reserve account as if one had been required for 2007A in the amount of \$1,588,767 and for 2007C in the amount of \$609,481 to provide additional security and cash liquidity for the bonds. The internally restricted funds are invested with the State Treasury and included in Unrestricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$875,000 was paid. Therefore, at June 30, 2017, there remained outstanding Capital Improvement Revenue Bonds Series 2007A in the amount of \$20,600,292 net of unamortized premium of \$400,292 and Capital Improvement Bonds Series 2007C in the amount of \$7,935,658 net of unamortized discount of \$124,342.

(3) 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, 2017, the variable interest rate was .90%. 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, 2017, net position include \$3,000,000 that is required to be held (restricted) as a condition of the Reimbursement Agreement dated December 13, 2012. Of this restricted amount, \$1,000,000 was required to be held (restricted) as a condition of the outstanding Capital Revenue Bonds, Series 2003 but is now associated with the Capital Improvement Bonds, Series 2008A as a result of the fixed rate conversion of the Capital Improvement Bonds Series 2003, and the Master Capital Lease Operating Agreement. The required reserve funds are invested with the State Treasury and included in Restricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$540,000 was paid leaving the outstanding Capital Improvement Revenue Bonds Series 2008A in the amount of \$18,225,000 at June 30, 2017.

(4) 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, 2017, the variable interest rate was .90%. 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, 2017, net position includes \$1,000,000 that is required to be held (restricted) as a condition of the Reimbursement Agreement dated May 1, 2009, and the Master Capital Lease Operating Agreement. The required reserve funds are invested with the State Treasury and included in Restricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$200,000 was paid leaving the outstanding Capital Improvement Revenue Bond Series 2009A in the amount of \$6,720,000 at June 30, 2017.

(5) Capital Improvement Revenue Bonds, Series 2010A and 2010B

On July 28, 2010, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2010A in the amount of \$32,000,000 representing the par amount less the original issue discount in the amount of \$138,451. The proceeds derived from the sale of the Series 2010A Revenue Bonds were used to finance the construction and equipping of a new five story, 417 bed suite style private bedroom student residence facility and associated parking garage with approximately 1,200 parking spaces and related site improvements (South Village Student Residence Complex - Phase X). Interest is payable based upon fixed rates ranging from 3.00% to 5.50% paid semi-annually with principal payable in varying amounts annually on February 1, 2012 through 2040. The Bonds are collateralized by the net rental revenues of the student residences system.

On October 14, 2010, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2010B in the amount of \$17,000,000 representing the par amount, less the original issue discount in the amount of \$45,669. The

proceeds derived from the sale on the Series 2010B Revenue Bonds were used to acquire an existing apartment complex (West Lake Student Residence Complex - Phase XI), including approximately sixteen acres of land, seven existing buildings and all fixtures, furnishing, equipment, and other personal property owned and used in connection with the operation of the property. The new West Lake Village Student Residence Complex is located approximately one mile northeast of the University's main campus adding 504 beds to the current Housing System. Interest is payable based upon fixed rates ranging from 2.00% to 5.00% paid semi-annually with principal payable in varying amounts annually on February 1, 2012 through 2040. The Bonds are collateralized by the net rental revenues of the student residences system.

A Debt Service Reserve Account within the Sinking Fund was established for Series 2010A in the required amount of \$2,106,181 and for Series 2010B in the required amount of \$1,086,800 to provide additional security for the bonds and lower the overall interest rates. 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. The required reserve funds are invested with the State Treasury and included in Restricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$1,080,000 was paid. Therefore, at June 30, 2017, there remained outstanding Capital Improvement Revenue Bonds Series 2010A in the amount of \$27,959,309 net of unamortized discount of \$105,691 and Capital Improvement Bonds Series 2010B in the amount of \$14,858,919 net of unamortized discount of \$36,081.

(6) Capital Improvement Revenue Bonds, Series 2011A

On June 28, 2011, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2011A in the amount of \$30,000,000 representing the par amount less the original issue discount in the amount of \$35,974. The proceeds derived from the sale of the Series 2011A Revenue Bonds were used to finance the construction and equipping of a new five story 534 bed suite style private bedroom student residence facility (South Village Student Residence Complex - Phase XII). Interest is payable based upon fixed rates ranging from 4.00% to 5.50% paid semi-annually with principal payable in varying amounts on February 1, 2014 through 2041. The Bonds are collateralized by the net rental revenues of the student residences system.

A Debt Service Reserve Account within the Sinking Fund was established for Series 2011A in the required amount of \$2,067,363 to provide additional security for the bonds and lower the overall interest rates. 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. The required reserve funds are invested with the State Treasury and included in Restricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$625,000 was paid. Therefore, at June 30, 2017 there remained outstanding Capital Improvement Revenue Bonds, Series 2011A in the amount of \$27,581,322 net of unamortized discount of \$28,678.

(7) Capital Improvement Revenue Bonds, Series 2013A

On June 11, 2013, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2013A in the amount of \$30,000,000 representing the par amount plus the original issue premium in the amount of \$1,036,701. The proceeds derived from the sale of the Series 2013A Revenue Bonds were used to finance the construction and equipping of a new six story 535 bed suite style private bedroom student residence facility (South Village Student Residence Complex - Phase XIII). Interest is payable based upon fixed rates ranging from 2.25% to 5.00% paid semi-annually with principal payable in varying amounts on February 1, 2016 through 2043. The Bonds are collateralized by the net rental revenues of the student residences system.

A Debt Service Reserve Account within the Sinking Fund was established for Series 2013A in the required amount of \$1,935,413 to provide additional security for the bonds and lower the overall interest rates. 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. The required reserve funds are invested with the State Treasury and included in Restricted Net Position.

On February 1, 2017, a principal bond payment in the amount of \$690,000 was paid. Therefore, at June 30, 2017 there remained outstanding Capital Improvement Revenue Bonds, Series 2013A in the amount of \$29,526,529 net of unamortized premium of \$896,529.



The following is a schedule of future minimum payments remaining under the outstanding Capital Improvement Revenue Bonds and Loans payable at June 30, 2017:

Years Ending June 30	Principal	Interest*	Total
2018	\$ 6,015,000	\$ 8,470,308	\$ 14,485,308
2019	6,145,000	8,231,770	14,376,770
2020	6,375,000	7,984,952	14,359,952
2021	6,720,000	7,727,290	14,447,290
2022	6,980,000	7,455,077	14,435,077
2023 - 2027	39,445,000	32,731,733	72,176,733
2028 - 2032	49,250,000	23,273,712	72,523,712
2033 - 2037	50,110,000	12,067,567	62,177,567
2038 - 2042	25,415,000	3,080,725	28,495,725
2043	1,690,000	49,292	1,739,292
Subtotal	198,145,000	111,072,426	309,217,426
Add, Bond Discounts and Premium, Net	1,002,029	-	1,002,029
Total	\$ 199,147,029	\$ 111,072,426	\$ 310,219,455

\* Includes interest accrued at fixed and variable rates at June 30, 2017 of 2.00% - 5.50%.

#### 9. RELATED PARTY TRANSACTIONS

The University operates and pays all operating costs of 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. No amounts are reflected in these Financial Statements of the Financing Corporation at June 30, 2017, 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, 2017, the Financing Corporation transferred \$10,138,132 to the University. Included in this amount was the transfer of the Solar Facility to the University of \$5,747,462 on July 1, 2016. At June 30, 2017, the Financing Corporation reported a Due to University of \$517,543.

#### 10. COMMITMENTS AND CONTINGENCIES

The Financing Corporation has outstanding contracts, commitments or contingencies for the North Lake Village Improvement Project with a current remaining construction commitment in the amount of \$339,189 as of June 30, 2017. The Financing Corporation committed to fund the project of which approximately \$1,847,476 was expended at June 30, 2017.

The Financing Corporation pledged to an interest free loan to the University to be used as a financing component for the planned Wellness and Fitness Center, if needed.

#### 11. RISK MANAGEMENT

The Financing Corporation is third party insured against risk of loss applicable to the Financing Corporation.

#### 12. 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, 2017 as follows:

Description	Fair Value Measurements at Reporting Date Using:			
	Carrying Value	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)
<b>Assets</b>				
Investments - SPIA	\$ 32,364,305	\$ 32,364,305	\$ -	\$ -
Total Assets	\$ 32,364,305	\$ 32,364,305	\$ -	\$ -

Investments – SPIA are cash investments that are held by the State (of Florida) Treasury Special Purpose Investment Account 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 in SPIA 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.



Affiliations  
Florida Institute of Certified Public Accountants  
American Institute of Certified Public Accountants  
Private Companies Practice Section  
Tax Division

Page 26 of 28

Page 25 of 28

**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, 2017, 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 16, 2017.

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) to determine the 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.

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 of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, PA  
Fort Myers, Florida  
August 16, 2017

INTEGRITY ..... SERVICE ..... EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097



Affiliations  
Florida Institute of Certified Public Accountants  
American Institute of Certified Public Accountants  
Private Companies Practice Section  
Tax Division

Page 28 of 28

Page 27 of 28

## 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, 2017, 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 of 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.

### 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.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
August 16, 2017

INTEGRITY ..... SERVICE ..... EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

EXHIBIT



September 5, 2017

Auditor General's Office  
Local Government Audits/342  
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, 2017.

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 June Gutknecht at 239-590-1227.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Magiera'.

Steve Magiera  
Executive Director, Financing Corporation

cc: Tuscan & Company, P.A.  
Certified Public Accountants/Consultants  
12621 World Plaza Lane  
Building 55  
Fort Myers, FL 33907

## **APPENDIX B**

Florida Gulf Coast University Financial Statements  
for Fiscal Year ended June 30, 2016

[THIS PAGE INTENTIONALLY LEFT BLANK]

Report No. 2017-157  
March 2017

## FLORIDA GULF COAST UNIVERSITY

For the Fiscal Year Ended  
June 30, 2016



Sherrill F. Norman, CPA  
Auditor General

### Board of Trustees and President

During the 2015-16 fiscal year, Dr. Wilson G. Bradshaw served as President of Florida Gulf Coast University and the following individuals served as Members of the Board of Trustees:

J. Dudley Goodlette, Chair from 1-12-16, Vice Chair to 1-11-16	Thomas Grady to 10-30-15 <sup>c</sup> Richard Klaas to 3-22-16
Dr. Shawn Felton, <sup>a</sup> Vice Chair from 1-12-16	Carol Moore from 3-24-16
Robbie Roepstorff, Chair to 1-11-16	Kevin Price
Joseph Catti	Russell Priddy
Darleen Cors from 3-23-16	Dr. Ken Smith
Thieldens Elneus <sup>b</sup>	Christian Spilker
Joseph Fogg from 3-17-16	Robert Wells to 3-16-16
Blake Gable	

<sup>a</sup> Faculty Senate Chair.

<sup>b</sup> Student Body President.

<sup>c</sup> Board member resigned on 10-30-15, and position remained vacant through 3-23-16.

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 Claudia A. Salgado, and the supervisor was Deirdre F. Waigand, CPA.

Please address inquiries regarding this report to Jaime Hoelscher, CPA, Audit Supervisor, by e-mail at [jaimehoelscher@aud.state.fl.us](mailto: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:

[www.myflorida.com/audgen](http://www.myflorida.com/audgen)

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  
TABLE OF CONTENTS**

	Page No.
SUMMARY .....	i
INDEPENDENT AUDITOR'S REPORT .....	1
Report on the Financial Statements .....	1
Other Reporting Required by <i>Government Auditing Standards</i> .....	3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position .....	16
Statement of Revenues, Expenses, and Changes in Net Position .....	18
Statement of Cash Flows .....	20
Notes to Financial Statements .....	22
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Other Postemployment Benefits Plan .....	53
Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan .....	53
Schedule of University Contributions – Florida Retirement System Pension Plan .....	53
Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan .....	54
Schedule of University Contributions – Health Insurance Subsidy Pension Plan .....	54
Notes to Required Supplementary Information .....	54
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	55
Internal Control Over Financial Reporting .....	55
Compliance and Other Matters .....	56
Purpose of this Report .....	56

## SUMMARY

### SUMMARY OF REPORT ON 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 determine whether Florida Gulf Coast University and its officers with administrative and stewardship responsibilities for University operations had:

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

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2016. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the University are included in our report No. 2017-064.

### 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 Financial Statements

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Florida Gulf Coast University Financing Corporation, a blended component unit, which represent 7 percent, 8.5 percent, and 8.5 percent, respectively, of the assets, net position, and revenues reported for Florida Gulf Coast University. In addition, we did not audit the financial statements of the discretely presented component unit, which represents 100 percent of the transactions and account balances of the discretely presented component unit's columns. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller

General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Gulf Coast University and of its discretely presented component unit as of June 30, 2016, 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.

#### Other Matter

##### Required Supplementary Information

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

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2017, 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 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 the Florida Gulf Coast University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 15, 2017

#### **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, 2016, 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, 2016, and June 30, 2015.

##### FINANCIAL HIGHLIGHTS

The University's assets totaled \$642 million at June 30, 2016. This balance reflects a \$2.1 million, or 0.3 percent, increase as compared to the 2014-15 fiscal year, resulting from increases in State noncapital appropriations and income related to an increase in student enrollment. The slight increase in assets was accompanied with an increase in liabilities of \$5.5 million, or 1.9 percent, totaling \$289.7 million at June 30, 2016, compared to \$284.2 at June 30, 2015. Deferred outflows of resources increased by \$4.4 million and deferred inflows of resources decreased by \$8.1 million, as compared to the 2014-15 fiscal year. As a result, the University's overall net position increased by \$9.2 million, resulting in a year-end balance of \$362.4 million.

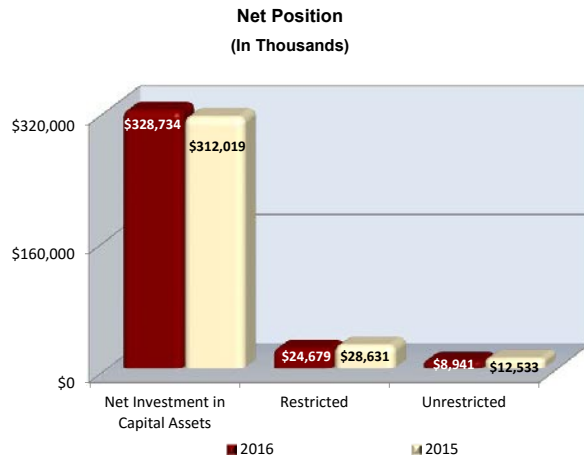
The University's revenues totaled \$227.5 million for the 2015-16 fiscal year, representing a 4.9 percent increase compared to the 2014-15 fiscal year due mainly to increases in State noncapital appropriations, and student tuition and fees. Operating expenses totaled \$210.1 million for the 2015-16 fiscal year, representing an increase of 6.5 percent as compared to the 2014-15 fiscal year due mainly to increases in compensation and employee benefits, and services and supplies.

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 \$6.1 million and its blended component unit had an unrestricted net position of \$15.1 million dollars, as a result, the University reported a combined unrestricted net position of \$8.9 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 Government Accounting Standards. 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.

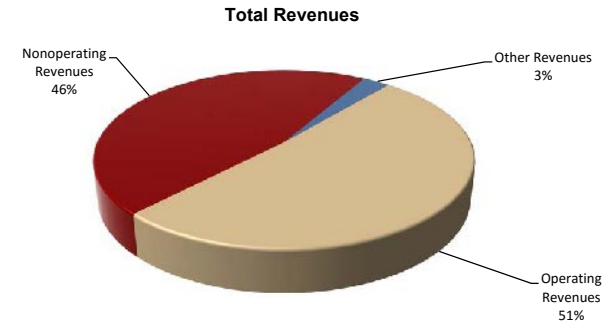
**Unrestricted Net Position**  
(In Thousands)

	<b>Amount</b> <b>(In Thousands)</b>
<b>Unrestricted Fund Balance</b>	\$ 49,188
<b>Amount to be Financed in the Future</b>	
Compensated Absences Liability	\$ 10,409
Other Post Employment Benefits Liability	24,615
FRS Net Pension Liability	17,431
HIS Net Pension Liability	12,884
Deferred Outflows of Resources	(14,613)
Deferred Inflows of Resources	4,576
<b>Less, Total Amount to be Financed in the Future</b>	<u>55,302</u>
<b>University's Unrestricted Net Position</b>	(6,114)
<b>Blended Component Unit's Unrestricted Net Position</b>	<u>15,055</u>
<b>Total Ending Unrestricted Net Position</b>	<u>\$ 8,941</u>

The University's comparative total net position by category for the fiscal years ended June 30, 2016, and June 30, 2015, is shown in the following graph:



The following chart provides a graphical presentation of University revenues by category for the 2015-16 fiscal year:



**OVERVIEW OF FINANCIAL STATEMENTS**

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

	2016	2015
<b>Assets</b>		
Current Assets	\$ 91,577	\$ 89,778
Capital Assets, Net	538,548	532,873
Other Noncurrent Assets	11,899	17,270
<b>Total Assets</b>	<b>642,024</b>	<b>639,921</b>
<b>Deferred Outflows of Resources</b>	<b>14,613</b>	<b>10,210</b>
<b>Liabilities</b>		
Current Liabilities	26,455	23,250
Noncurrent Liabilities	263,252	260,972
<b>Total Liabilities</b>	<b>289,707</b>	<b>284,222</b>
<b>Deferred Inflows of Resources</b>	<b>4,576</b>	<b>12,726</b>
<b>Net Position</b>		
Net Investment in Capital Assets	328,734	312,019
Restricted	24,679	28,631
Unrestricted	8,941	12,533
<b>Total Net Position</b>	<b>\$ 362,354</b>	<b>\$ 353,183</b>

The University's financial position, as a whole, increased during the fiscal year ended June 30, 2016, with an increase of net position in the amount of \$9.2 million, or 2.6 percent, from the 2014-15 fiscal year primarily due to the increases in total assets, deferred outflows, and liabilities, and the decrease in deferred inflows of resources. The decreases in unrestricted net position of \$3.6 million, or 28.7 percent, and restricted net position of \$3.9 million, or 13.8 percent, was offset by an increase in net investment in capital assets of \$16.7 million, or 5.4 percent. The University continues to experience sound overall financial condition and health.

Total assets increased \$2.1 million, or 0.3 percent, mainly in net capital assets. The increase in net capital assets was primarily from the purchase of the solar field which was offset by the decrease in other noncurrent assets for elimination of a prepaid financing lease. Invested funds grew as a result of increased State noncapital appropriations. Funds due from State decreased \$4.2 million, or 29.3 percent, for State capital appropriations due to the completion of the Emergent Technology Institute. Deferred outflows of resources associated with net pension resources increased by \$4.4 million, or 43.1 percent as compared to 2014-15 fiscal year.

Total liabilities increased \$5.5 million, or 1.9 percent. The noncurrent liabilities for pension and for other postemployment benefits increased while bonds payable decreased due to the redemption of outstanding Capital Improvement Revenue Bonds, Series 2007B for \$5.1 million. Deferred inflows of resources associated with net pension resources decreased by \$8.1 million, or 64 percent as compared to 2014-15 fiscal year. Restricted net position includes \$8.2 million in the required debt service reserve accounts for Capital Improvement Revenue Bonds, Series 2010A, 2010B, 2011A, 2013A, and Loan

Agreements 2005A and 2005B, and \$2 million restricted by the covenants of the Series 2008A, and 2009A bond reimbursement agreements.

**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 2015-16 and 2014-15 fiscal years:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Years**  
(In Thousands)

	2015-16	2014-15
Operating Revenues	\$ 116,252	\$ 109,305
Less, Operating Expenses	210,112	197,375
<b>Operating Loss</b>	<b>(93,860)</b>	<b>(88,070)</b>
Net Nonoperating Revenues	96,756	86,746
<b>Income (Loss) Before Other Revenues</b>	<b>2,896</b>	<b>(1,324)</b>
Other Revenues	6,275	10,970
<b>Net Increase In Net Position</b>	<b>9,171</b>	<b>9,646</b>
Net Position, Beginning of Year	353,183	365,721
Adjustment to Beginning Net Position (1)	-	(22,184)
<b>Net Position, Beginning of Year, as Restated</b>	<b>353,183</b>	<b>343,537</b>
<b>Net Position, End of Year</b>	<b>\$ 362,354</b>	<b>\$ 353,183</b>

Note: (1) For the 2014-15 fiscal year, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 68.

**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. Operating revenues generally consist of student tuition and fees, grants and contracts, and auxiliary service revenues from students and others to provide them with instruction and other goods and services.

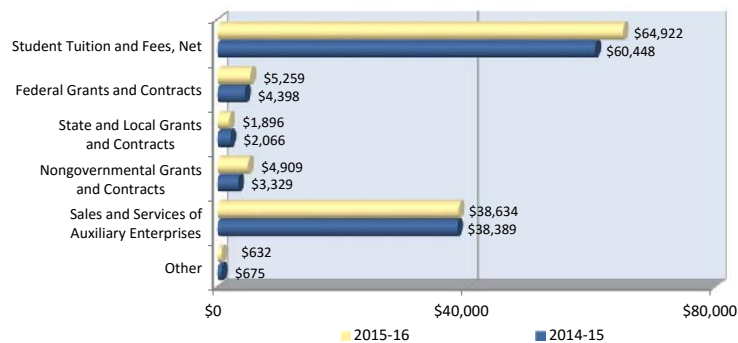
The following summarizes the operating revenues by source that were used to fund operating activities for the 2015-16 and 2014-15 fiscal years:

**Operating Revenues  
For the Fiscal Years**  
(In Thousands)

	2015-16	2014-15
Student Tuition and Fees, Net	\$ 64,922	\$ 60,448
Federal Grants and Contracts	5,259	4,398
State and Local Grants and Contracts	1,896	2,066
Nongovernmental Grants and Contracts	4,909	3,329
Sales and Services of Auxiliary Enterprises	38,634	38,389
Other	632	675
<b>Total Operating Revenues</b>	<b>\$ 116,252</b>	<b>\$ 109,305</b>

The following chart presents the University's operating revenues for the 2015-16 and 2014-15 fiscal years:

**Operating Revenues  
(In Thousands)**



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

- Total operating revenues for the 2015-16 fiscal year were \$116.3 million, of which \$64.9 million were from net student tuition and fees. A tuition allowance, which represents the difference between the stated charges for goods and services provided by the University and the amount that is actually paid by a student or third party making payment on behalf of a student, totaled \$29.9 million. The reduction of gross fees of \$94.8 million resulted in net student tuition and fees of \$64.9 million, which represents an increase of \$4.5 million, or 7.4 percent, over the 2014-15 fiscal year. Increased student enrollment is the main reason for the revenue increase.
- Sales and services of auxiliary enterprises reflect a \$0.2 million, or 0.6 percent, a minimal increase over the 2014-15 fiscal year primarily due to the slight growth of student population on housing, health, and parking fees.

- Federal and nongovernmental grants and contracts increased by \$2.4 million because of the timing, number, and size of grants received through the Office of Research and Graduate Studies.

**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.

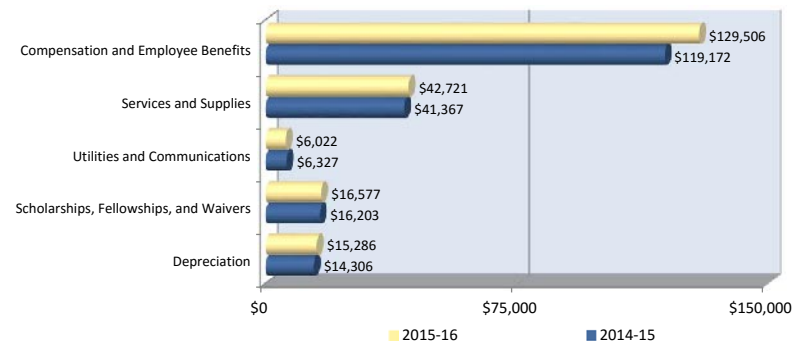
The following summarizes operating expenses by natural classification for the 2015-16 and 2014-15 fiscal years:

**Operating Expenses  
For the Fiscal Years**  
(In Thousands)

	2015-16	2014-15
Compensation and Employee Benefits	\$ 129,506	\$ 119,172
Services and Supplies	42,721	41,367
Utilities and Communications	6,022	6,327
Scholarships, Fellowships, and Waivers	16,577	16,203
Depreciation	15,286	14,306
<b>Total Operating Expenses</b>	<b>\$ 210,112</b>	<b>\$ 197,375</b>

The following chart presents the University's operating expenses for the 2015-16 and 2014-15 fiscal years:

**Operating Expenses  
(In Thousands)**



Total operating expenses for the 2015-16 fiscal year were \$210.1 million, an increase of \$12.7 million, or 6.5 percent, over the 2014-15 fiscal year. Compensation and employee benefits increased \$10.3 million, or 8.7 percent, from increases in the number of faculty and staff, and a salary increase of 3.5 percent in October 2015. Services and supplies increased \$1.4 million, or 3.3 percent, which was primarily associated with the growth of student population.

#### **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 2015-16 and 2014-15 fiscal years:

<b>Nonoperating Revenues (Expenses) For the Fiscal Years</b>		
<b>(In Thousands)</b>		
	<b>2015-16</b>	<b>2014-15</b>
State Noncapital Appropriations	\$ 72,541	\$ 64,463
Federal and State Student Financial Aid	26,133	27,732
Investment Income	2,384	845
Other Nonoperating Revenues	3,880	3,445
Interest on Capital Asset-Related Debt	(7,439)	(9,619)
Loss on Disposal of Capital Assets	(33)	-
Other Nonoperating Expenses	(710)	(120)
<b>Net Nonoperating Revenues</b>	<b>\$ 96,756</b>	<b>\$ 86,746</b>

The increase of \$10 million, or 11.5 percent in net nonoperating revenues is primarily due to the increase in State noncapital appropriations. State noncapital appropriations increased \$8.1 million primarily from an increase in special local initiatives of \$3.1 million funded by the Legislature to support programs designed to enhance student success. In addition, the University was awarded an additional \$5 million in Performance-Based Funding for the 2015-16 fiscal year. Federal and State Student Financial Aid decreased by \$1.6 million, or 5.8 percent, primarily due to the continuing decrease in Florida Bright Futures awards as a result of the program's increased eligibility requirements for scholarships.

#### **Other Revenues**

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2015-16 and 2014-15 fiscal years:

#### **Other Revenues For the Fiscal Years**

<b>(In Thousands)</b>		
	<b>2015-16</b>	<b>2014-15</b>
State Capital Appropriations	\$ 5,776	\$ 10,824
Capital Grants, Contracts, Donations, and Fees	499	146
<b>Total</b>	<b>\$ 6,275</b>	<b>\$ 10,970</b>

State capital appropriations decreased \$5 million, or 46.6 percent, as compared to the 2014-15 fiscal year, primarily due to the completion of the Emergent Technologies Institute 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 2015-16 and 2014-15 fiscal years:

#### **Condensed Statement of Cash Flows For the Fiscal Years**

<b>(In Thousands)</b>		
	<b>2015-16</b>	<b>2014-15</b>
Cash Provided (Used) by:		
Operating Activities	\$ (67,939)	\$ (67,790)
Noncapital Financing Activities	102,686	95,553
Capital and Related Financing Activities	(30,655)	(27,635)
Investing Activities	(4,163)	(2,463)
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(71)</b>	<b>(2,335)</b>
Cash and Cash Equivalents, Beginning of Year	601	2,936
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 530</b>	<b>\$ 601</b>

Major sources of funds included in operating activities are net student tuition and fees of \$64.6 million, Federal, State and local grants and contracts of \$11.7 million, and sales and services of auxiliary enterprises of \$38.6 million. Major uses of funds were payments made to and on behalf of employees totaling \$122.9 million, payments to suppliers totaling \$44 million, and payments to and on behalf of students for scholarships and fellowships totaling \$16.6 million. The slight increase in cash used by

operating activities as compared to the 2014-15 fiscal year was due primarily to an increase in cash used for payments to employees offset by an increase in cash provided by net student tuition and fees.

The largest source of inflow of cash from noncapital financing activities was State noncapital appropriations in the amount of \$72.5 million. Also included in noncapital financing revenues was Federal and State student financial aid of \$26.1 million and \$48.4 million of Federal direct loan program receipts. The major use of funds was Federal direct loan program disbursements of \$48.5 million.

Net cash used by capital and related financing activities was \$30.7 million. Source of cash was mainly provided by State capital appropriations of \$10 million. Cash used was primarily due from \$22.4 million for the purchase or construction of capital assets, and \$18.5 million in principal and interest payments on asset related debt, which included the redemption of outstanding Capital Improvement Revenue Bonds, Series 2007B.

Cash used by investing activities was \$4.2 million from the net purchases of investments.

**CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS,  
AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2016, the University had \$676.6 million in capital assets, less accumulated depreciation of \$138.1 million, for net capital assets of \$538.5 million. Depreciation charges for the current fiscal year totaled \$15.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

<b>Capital Assets, Net at June 30</b>		
<b>(In Thousands)</b>		
	<b>2016</b>	<b>2015</b>
Land	\$ 56,647	\$ 57,358
Buildings	432,598	428,617
Construction in Progress	3,090	7,532
Infrastructure and Other Improvements	21,567	20,847
Furniture and Equipment	20,388	14,330
Library Resources	1,946	1,778
Property Under Capital Lease and Leashold Improvements	-	60
Works of Art and Historical Treasures	2,280	2,314
Other Capital Assets	32	37
<b>Capital Assets, Net</b>	<b>\$538,548</b>	<b>\$532,873</b>

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

**Capital Expenses and Commitments**

Major capital expenses through June 30, 2016, were incurred on the following projects: South Village Recreation Center, South Access Road, and the North Lake Village Dining Facility. The University's construction commitments at June 30, 2016, are as follows:

	<b>Amount (In Thousands)</b>
Total Committed	\$ 18,850
Completed to Date	(3,090)
<b>Balance Committed</b>	<b>\$ 15,760</b>

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

**Debt Administration**

As of June 30, 2016, the University had \$209.8 million in outstanding bonds payable and loans payable, representing a decrease of \$11 million, or 5 percent, from the prior fiscal year resulting from principal payments, and the redemption of Capital Improvement Revenue Bonds, Series 2007B. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

**Long-Term Debt, at June 30**

<b>(In Thousands)</b>		
	<b>2016</b>	<b>2015</b>
Bonds Payable	\$ 194,014	\$ 204,505
Loans Payable	15,800	16,200
Capital Leases Payable	-	148
<b>Total</b>	<b>\$ 209,814</b>	<b>\$ 220,853</b>

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 2016-17 fiscal year. The University's financial outlook for the future continues to be positive. The level of State support, and student tuition and fee increases impact the University's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs. The level of State support is one of the key factors influencing the University's activities. Because of ongoing limited economic growth and increased demand for State resources, only a modest increase in State funding is anticipated in the 2016-17 fiscal year. While student enrollment increases, student tuition and fees will remain at the same level in the 2016-17 fiscal year, and resources will continue to be managed through expenditure analyses and efficiencies.

The budget that the Florida Legislature adopted for the 2016-17 fiscal year provided \$75.6 million for the University's State noncapital appropriations, or an increase of 4.6 percent from the 2015-16 fiscal year. The legislative priorities for the University included \$8 million in Performance-Based Incentives for the 2016-17 fiscal year.

Another significant factor in the University's economic position relates to its ability to recruit and retain high quality students. The Fall 2016 enrollment of 15,031 students increased 1.6 percent over the Fall 2015 enrollment of 14,796 students. First time-in-college freshman admission of 2,669 students decreased slightly from 2,697 students in the 2015-16 fiscal year. Efforts to improve retention, such as an aggressive marketing plan to recruit qualified students, enhanced intervention to assist academic success, and the Soar in 4 financial incentive program launched in Summer 2015 will help ensure total enrollment continues in a positive trend. In the 2016-17 fiscal year, the University expects an increase in revenue from student tuition and fees due to increased enrollment.

The State has approved and appropriated funds to the University's capital budget for the 2016-17 fiscal year in the amount of \$7.9 million. Public Education Capital Outlay appropriations for the 2016-17 fiscal year are for capital improvement projects in the amount of \$3.8 million for Academic Building 9, \$1.8 million for replacement of the WGPU broadcasting tower, and repairs and maintenance in the amount of \$0.7 million. The Capital Improvement Fee appropriation of \$1.6 million for the 2016-17 fiscal year is for continued funding of the student recreation 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. Steve Magiera, CPA, Vice President of Administration and Finance, Florida Gulf Coast University, 10501 FGCU Boulevard South, Fort Myers, Florida 33965.

## **BASIC FINANCIAL STATEMENTS**

### **Florida Gulf Coast University A Component Unit of the State of Florida Statement of Net Position**

June 30, 2016

	<b>University</b>	<b>Component Unit</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 84,500	\$ 21,229,118
Investments	77,969,985	-
Accounts Receivable, Net	3,263,132	1,812,839
Loans Receivable, Net	7,549	-
Note Receivable	-	5,000,000
Due from State	10,251,506	-
<b>Total Current Assets</b>	<b>91,576,672</b>	<b>28,041,957</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	445,096	-
Investments	-	707,272
Restricted Investments	11,454,178	75,850,014
Accounts and Pledges Receivable, Net	-	1,918,374
Real Estate Held for Investment	-	11,832,686
Depreciable Capital Assets, Net	477,075,334	-
Nondepreciable Capital Assets	61,472,239	-
<b>Total Noncurrent Assets</b>	<b>550,446,847</b>	<b>90,308,346</b>
<b>Total Assets</b>	<b>642,023,519</b>	<b>118,350,303</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts Related to Pensions	14,613,175	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	8,192,688	179,981
Construction Contracts Payable	1,145,600	-
Salary and Wages Payable	3,594,476	-
Deposits Payable	1,031,256	-
Unearned Revenue	589,917	-
Long-Term Liabilities - Current Portion:		
Bonds Payable	5,325,000	-
Loans Payable	5,300,000	4,300,000
Compensated Absences Payable	784,231	-
Net Pension Liability	491,705	-
Gift Annuities Payable	-	74,357
<b>Total Current Liabilities</b>	<b>26,454,873</b>	<b>4,554,338</b>



**Florida Gulf Coast University**  
**A Component Unit of the State of Florida**  
**Statement of Net Position (Continued)**  
**June 30, 2016**

	<u>University</u>	<u>Component Unit</u>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Bonds Payable	188,688,670	-
Loans Payable	10,500,000	2,250,000
Compensated Absences Payable	9,624,826	-
Other Postemployment Benefits Payable	24,615,000	-
Net Pension Liability	29,823,199	-
Other Noncurrent Liabilities	-	445,199
<b>Total Noncurrent Liabilities</b>	<u>263,251,695</u>	<u>2,695,199</u>
<b>Total Liabilities</b>	<u>289,706,568</u>	<u>7,249,537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts Related to Pensions	<u>4,575,729</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	328,733,904	-
Restricted for Nonexpendable:		
Endowment	-	64,290,793
Restricted for Expendable:		
Debt Service	10,152,547	-
Loans	533,950	-
Capital Projects	10,398,239	-
Other	3,594,985	38,900,595
Unrestricted	<u>8,940,772</u>	<u>7,909,378</u>
<b>TOTAL NET POSITION</b>	<u>\$ 362,354,397</u>	<u>\$ 111,100,766</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 Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2016**

	<u>University</u>	<u>Component Unit</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$29,897,267 (\$3,108,340 Pledged for Parking Facility Capital Improvement Debt)	\$ 64,921,755	\$ -
Federal Grants and Contracts	5,258,853	-
State and Local Grants and Contracts	1,896,236	-
Nongovernmental Grants and Contracts	4,909,275	-
Sales and Services of Auxiliary Enterprises (\$366,739 Pledged for Parking Facility Capital Improvement Debt, \$29,240,485 Pledged for Housing Facility Capital Improvement Debt, and \$244,718 Pledged for Student Services Capital Improvement Debt)	38,634,395	-
Gifts and Donations	-	13,824,518
Rental Income Other	-	3,502,358
Other Operating Revenues	<u>632,056</u>	<u>-</u>
<b>Total Operating Revenues</b>	<u>116,252,570</u>	<u>17,326,876</u>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	129,505,743	-
Services and Supplies	42,720,706	-
Utilities and Communications	6,022,171	-
Scholarships, Fellowships, and Waivers	16,576,902	2,463,993
Depreciation	15,286,094	-
General and Administrative	-	1,646,737
University Support	-	4,616,602
Program Services	-	4,338,395
Other Operating Expenses	<u>-</u>	<u>19,469</u>
<b>Total Operating Expenses</b>	<u>210,111,616</u>	<u>13,085,196</u>
<b>Operating Income (Loss)</b>	<u>(93,859,046)</u>	<u>4,241,680</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	72,541,073	-
Federal and State Student Financial Aid	26,133,399	-
Investment Income (Loss)	2,384,201	(2,039,849)
Other Nonoperating Revenues	3,879,798	-
Interest on Capital Asset-Related Debt	(7,438,987)	(132,968)
Loss on Disposal of Capital Assets	(32,943)	-
Other Nonoperating Expenses	<u>(710,929)</u>	<u>-</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<u>96,755,612</u>	<u>(2,172,817)</u>
<b>Income Before Other Revenues</b>	<u>2,896,566</u>	<u>2,068,863</u>
State Capital Appropriations	5,775,939	-
Capital Grants, Contracts, Donations, and Fees	<u>498,740</u>	<u>3,479,590</u>
<b>Increase in Net Position</b>	<u>9,171,245</u>	<u>5,548,453</u>
<b>Net Position, Beginning of Year</b>	<u>353,183,152</u>	<u>105,552,313</u>
<b>Net Position, End of Year</b>	<u>\$ 362,354,397</u>	<u>\$ 111,100,766</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**Florida Gulf Coast Florida Gulf Coast University**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2016**

	<u>University</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 64,644,070
Grants and Contracts	11,715,324
Sales and Services of Auxiliary Enterprises	38,634,395
Payments to Employees	(122,881,272)
Payments to Suppliers for Goods and Services	(44,016,046)
Payments to Students for Scholarships and Fellowships	(16,576,902)
Loans Issued to Students	(67,937)
Collection on Loans to Students	72,621
Other Operating Receipts	536,486
<b>Net Cash Used by Operating Activities</b>	<u>(67,939,261)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	72,541,073
Federal and State Student Financial Aid	26,133,399
Federal Direct Loan Program Receipts	48,444,011
Federal Direct Loan Program Disbursements	(48,531,248)
Net Change in Funds Held for Others	218,740
Other Nonoperating Receipts	3,879,798
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>102,685,773</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	10,017,524
Capital Grants, Contracts, Donations and Fees	219,473
Purchase or Construction of Capital Assets	(22,413,183)
Principal Paid on Capital Debt and Leases	(10,998,141)
Interest Paid on Capital Debt and Leases	(7,480,628)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(30,654,955)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	191,135,327
Purchases of Investments	(196,567,238)
Investment Income	1,269,198
<b>Net Cash Used by Investing Activities</b>	<u>(4,162,713)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(71,156)</u>
Cash and Cash Equivalents, Beginning of Year	600,752
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 529,596</u>

**Florida Gulf Coast University**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

	<u>University</u>
<b>RECONCILIATION OF OPERATING LOSS</b>	
<b>TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (93,859,046)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	15,286,094
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	(365,923)
Other Noncurrent Assets	6,173,200
Accounts Payable	(1,444,389)
Salary and Wages Payable	900,551
Deposits Payable	(88,570)
Compensated Absences Payable	1,212,008
Unearned Revenue	(265,099)
Other Postemployment Benefits Payable	4,983,000
Net Pension Liability	12,082,182
Deferred Outflows of Resources Related to Pensions	(4,403,175)
Deferred Inflows of Resources Related to Pensions	(8,150,094)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ (67,939,261)</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND</b>	
<b>CAPITAL FINANCING ACTIVITIES</b>	
Unrealized gains on investments were recognized as an increase 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.	\$ 1,053,532
Donations of capital assets were recognized on the statement of revenues,	
expenses, and changes in net position, but are not cash transactions for the	
statement of cash flows.	\$ 279,267
Losses from the disposal of capital assets were recognized on the statement of	
revenues, expenses, and changes in net position, but are not cash transactions	
for the statement of cash flows.	\$ (32,943)

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

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

**Reporting Entity.** The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

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

**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 audit 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 entity wide 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, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The 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 accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting.

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

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

The statement of net 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, on a ratio of total aid to the aid not considered third-party aid.

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

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

The amount reported as restricted cash and cash equivalents for the University at June 30, 2016, includes at fair value \$370,583 of Corporation moneys held by the lender and owner of the 2005B Loan as a debt service reserve requirement.

**Cash and Cash Equivalent – Component Unit.** The amount reported as cash and cash equivalents for the Foundation (discretely presented component unit) at June 30, 2016, includes \$15,031,770 of bank deposits of which \$941,187 is insured by the Federal deposit insurance with the remainder of \$14,090,583 collateralized under the Florida Public Deposits Program. The Foundation also had cash held on deposit with investment managers at June 30, 2016, totaling \$611,546, of which \$609,922 was covered by the Securities Investor Protection Corporation and \$1,624 was uninsured and uncollateralized.

Cash and cash equivalents reported for the Foundation at June 30, 2016, also includes at fair value \$5,585,802 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 A+ by Standard & Poor's, had an effective duration of 2.61 years, and fair value factor of 1.0143 at June 30, 2016. 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 are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

**Fair Value Measurement.** The University and its component unit categorize 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.

**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, property under capital leases, and 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 new 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

**Noncurrent Liabilities.** Noncurrent liabilities include bonds payable, loans payable, compensated absences payable, other postemployment benefits payable, and net pension liability 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 liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position 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's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## 2. Reporting Changes

The University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which requires the University to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The effects of implementing this Statement relate to the presentation of the Investments subsequent note. Implementation of the Statement had no impact on valuation methods previously used or asset values.

## 3. 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	\$ (14,051,733)
Auxiliary Funds	7,937,345
Total University Net Position	(6,114,388)
Blended Component Unit	
Unrestricted Net Position	15,055,160
<b>Total</b>	<b>\$ 8,940,772</b>

## 4. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The 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 \$7,781,964 for debt service reserve accounts for the Series 2005A loan, Series 2010A, 2010B, 2011A, and 2013A bonds. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

All of the University's recurring fair value measurements as of June 30, 2016, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

### External Investment Pools

The University reported investments at fair value totaling \$89,424,163 at June 30, 2016, in the State Treasury Special SPIA investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.61 years and fair value factor of 1.0143 at June 30, 2016. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

### Component Unit Investments

The Foundation's recurring fair value measurements as of June 30, 2016, are valued using quoted market prices (Level 1 inputs). Investments held by the Foundation at June 30, 2016, are reported at fair value as follows:

		Fair Value Measurements Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
United States Treasury Securities	\$ 1,246,430	\$ 1,246,430	\$ -	\$ -
Obligations of the United States Government Agencies and Instrumentalities	2,696,789	-	2,696,789	-
Bonds and Notes	11,784,320	-	11,784,320	-
Stocks and Other Equity Securities	188,686	188,686	-	-
Mutual Funds	31,897,443	31,897,443	-	-
Total investments by fair value level	47,813,668	\$ 33,332,559	\$ 14,481,109	\$ -
<b>Investments measured at the net asset value (NAV)</b>				
Collective Investment Funds:				
NT Common US Marketcap Index Fund	17,861,101			
NT Common Emerging Markets Index Fund	5,099,325			
NT Common EAFE Index Fund	3,747,127			
Total Collective Investment Funds	26,707,553			
Other Investments:				
Real Assets	257,873			
Private Equity	1,778,192			
Total Other Investments	2,036,065			
Total investments measured at the NAV or its equivalent	28,743,618			
<b>Total investments measured at fair value</b>	<b>\$ 76,557,286</b>			

**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
NT Common US Marketcap Index Fund	\$ 17,861,101	\$ -	Daily	1 trade day
NT Common Emerging Markets Index Fund	5,099,325	-	Daily	1 trade day
NT Common EAFE Index Fund	3,747,127	-	Daily	1 trade day
Real Assets	257,873	110,000	Not available	NA
Private Equity	1,778,192	355,000	Not available	NA
<b>Total investments measured at the NAV</b>	<b>\$ 28,743,618</b>			

**Collective Investment Funds:** The primary objective of the Northern Trust U.S. Market Cap Index Fund is to approximate the risk and return characteristics of the Dow Jones U.S. Total Stock Market Index. This Index is commonly used to represent the broad U.S. market.

The primary objective of the Northern Trust Emerging Markets Equity Index Fund is to approximate the risk and return characteristics of the MSCI Emerging Markets (MSCI EM) Index. This Index is commonly used to represent the large and medium cap segment of the equity emerging markets.

The primary objective of the Northern Trust EAFE Index Fund is to approximate the risk and return characteristics of the MSCI Europe, Australasia, and Far East (MSCI EAFE) Index. This Index is commonly used to represent the large and medium cap segment of the non U.S. developed equity markets.

**Real Assets:** The purpose of the partnership is to invest 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 (underlying funds or private investment funds), which in turn have been established to invest in a broad range.

**Private Equity:** The partnerships within this segment invest 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, except for certificates of deposit and debt securities, are held by the investment managers and 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 \$31,897,443 at June 30, 2016, 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, 2016, are reported at fair value as follows:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1 - 5 Years	5 - 10 Years	Over 10 Years
Obligations of United States Government Agencies and Instrumentalities	\$ 2,696,789	\$ 306,012	\$ 1,753,677	\$ 637,100	\$ -
Bonds, Notes, and Other Debt Securities	13,030,750	880,679	7,811,030	3,769,909	569,132
<b>Total</b>	<b>\$ 15,727,539</b>	<b>\$ 1,186,691</b>	<b>\$ 9,564,707</b>	<b>\$ 4,407,009</b>	<b>\$ 569,132</b>

**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, 2016, the Foundation's fixed income investments were rated as follows:

Rating	Number	Fair Value	% Bond Holdings
AAA	45	\$ 5,718,894	36.36%
AAA	28	3,755,770	23.88%
AAA	61	5,801,998	36.89%
BBB	4	450,877	2.87%
		<b>\$ 15,727,539</b>	

**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. At June 30, 2016, the Foundation's investment in each of its Collective Investment Funds exceeded five percent (5%) of total investments.

**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 Foundation assesses a management fee on all endowment funds for the purpose of funding the Foundation's operating budget. Administrative fees assessed to the endowment funds totaled \$1,082,658 or 1.5% for the year ending June 30, 2016.

The Endowment Fund account balances (including cash balances) subject to the administrative fee are comprised as follows at June 30, 2016:

Eminent Scholars Program	\$ 13,023,621
Major Gifts Program	37,381,539
Other Endowment	22,526,375
	<b>\$ 72,931,535</b>

## 5. Receivables

**Accounts Receivable.** Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2016, the University reported the following amounts as accounts receivable:

Description	Amount
Contracts and Grants	\$ 1,376,228
Student Tuition and Fees	1,753,394
Other	133,510
<b>Total Accounts Receivable</b>	<b>\$ 3,263,132</b>

**Loans Receivable.** Loans receivable consist of short-term loans made to students pending the receipt of student financial aid.

**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 \$766,175 and \$9,139, respectively, at June 30, 2016.

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

## 6. Due From State

The amount due from State consists of \$10,251,506 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, and Lottery funds for construction of University facilities.

## 7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2016, is shown in the following table:

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 57,357,965	\$ -	\$ -	\$ 710,928	\$ 56,647,037
Works of Art and Historical Treasures	1,735,358	-	-	-	1,735,358
Construction in Progress	7,531,505	-	12,922,762	17,364,423	3,089,844
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 66,624,828</b>	<b>\$ -</b>	<b>\$ 12,922,762</b>	<b>\$ 18,075,351</b>	<b>\$ 61,472,239</b>
Depreciable Capital Assets:					
Buildings	\$ 508,497,936	\$ -	\$ 14,809,236	\$ -	\$ 523,307,172
Infrastructure and Other Improvements	31,360,289	-	1,908,691	-	33,268,980
Furniture and Equipment	35,201,001	1,977,477	8,965,183	776,721	45,366,940
Library Resources	11,042,610	-	453,166	-	11,495,776
Property Under Capital Leases	1,946,259	(1,946,259)	-	-	-
Works of Art and Historical Treasures	687,143	-	-	-	687,143
Computer Software and Other Capital Assets	1,043,853	-	28,175	17,010	1,055,018
<b>Total Depreciable Capital Assets</b>	<b>589,779,091</b>	<b>31,218</b>	<b>26,164,451</b>	<b>793,731</b>	<b>615,181,029</b>
Less, Accumulated Depreciation:					
Buildings	79,880,639	-	10,828,703	-	90,709,342
Infrastructure and Other Improvements	10,513,692	-	1,188,749	-	11,702,441
Furniture and Equipment	20,871,125	1,935,921	2,916,012	743,778	24,979,280
Library Resources	9,264,258	-	285,189	-	9,549,447
Property Under Capital Leases	1,886,694	(1,886,694)	-	-	-
Works of Art and Historical Treasures	107,899	-	34,464	-	142,363
Computer Software and Other Capital Assets	1,006,855	-	32,977	17,010	1,022,822
<b>Total Accumulated Depreciation</b>	<b>123,531,162</b>	<b>49,227</b>	<b>15,286,094</b>	<b>760,788</b>	<b>138,105,695</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 466,247,929</b>	<b>\$ (18,009)</b>	<b>\$ 10,878,357</b>	<b>\$ 32,943</b>	<b>\$ 477,075,334</b>

Note: (1) Adjustments to capitalized assets resulted from the reclassification of property under capital leases to furniture and equipment because the capital lease was paid in full during the 2015-16 fiscal year. Also capital assets and accumulated depreciation include adjustments totaling \$31,218 and \$49,227, respectively, to correct errors in the capital assets and depreciation schedules, respectively for certain assets.

## 8. Unearned Revenue

Unearned revenue at June 30, 2016, consists of grants and contracts received prior to fiscal year-end related to subsequent accounting periods.

## 9. Deferred Outflow / Inflow of Resources

Certain changes in the University's proportionate share of the net pension liabilities of the cost-sharing multiple-employer Florida Retirement System and Health Insurance Subsidy defined benefit plans are reported as deferred outflows and inflows of resources related to pensions. These include changes in actuarial assumptions and other inputs used to measure the pension liabilities, differences between actual and expected experience in the measurement of the liabilities, the net difference between projected and actual earnings on pension plan investments, as well as changes in the University's proportion of the collective net pension liabilities since the prior measurement date and changes between the University's contributions and its proportionate share of contributions. University contributions to the pension plan subsequent to the measurement date for the collective net pension liabilities are reported as deferred outflows. Total deferred outflows of resources related to pensions were \$14,613,175 and deferred inflows of resources related to pensions were \$4,575,729 for the fiscal year ended June 30, 2016. Note 11. includes a complete discussion of defined benefit pension plans.

## 10. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2016, include bonds payable, loans payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2016, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 204,505,311	\$ -	\$ 10,491,641	\$ 194,013,670	\$ 5,325,000
Loans Payable	16,200,000	-	400,000	15,800,000	5,300,000
Capital Leases Payable	148,141	-	148,141	-	-
Compensated Absences Payable	9,197,049	1,964,317	752,309	10,409,057	784,231
Other Postemployment Benefits Payable	19,632,000	5,271,000	288,000	24,615,000	-
Net Pension Liability	18,232,722	26,867,910	14,785,728	30,314,904	491,705
<b>Total Long-Term Liabilities</b>	<b>\$ 267,915,223</b>	<b>\$ 34,103,227</b>	<b>\$ 26,865,819</b>	<b>\$ 275,152,631</b>	<b>\$ 11,900,936</b>

**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 Florida Gulf Coast University Financing Corporation (Corporation) issued Capital Improvement Revenue Bonds, Series 2003, 2005A, 2007A, 2008A, 2010A, 2010B, 2011A, and 2013A to construct or purchase student housing facilities; Series 2007B to construct and equip an addition to the Student Union Facility; and Series 2005B, 2007C, and 2009A to construct student parking garages.

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, 2016, and the new fixed rate tax exempt loan is reported as loans payable.

On February 1, 2016, the Corporation prepaid and redeemed all of the outstanding Capital Improvement Revenue Bonds, Series 2007B (Student Union Facility) in the amount of \$5,100,000. At June 30, 2016, there are no outstanding Capital Improvement Revenue Bonds associated with the Student Union Facility. The Corporation has no immediate plans to issue additional Capital Improvement Revenue Bonds to construct additional student residence facilities, parking garages or other facilities.

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 2015-16 fiscal year, parking facilities rental and fee income, student residence rental income, and student union facilities sales and services totaled \$3,475,079, \$29,240,485 and \$244,718 respectively.

The University had the following capital improvement debt payable outstanding at June 30, 2016:

Capital Improvement Revenue Bonds Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Capital Improvement Revenue Bonds:				
2003 Student Residences (Phase VI)	\$ 47,500,000	\$ 36,555,000	4.50 to 5.00	2034
2007A Student Residences (Phase VIII)	25,000,000	21,245,733	4.00 to 5.00	2037
2007C Student Parking (Phase II)	10,000,000	8,179,309	4.00 to 4.75	2037
2008A Student Residences (Phase IX)	22,000,000	18,765,000	.40 (2)	2038
2009A Student Parking (Phase III)	8,000,000	6,920,000	.45 (2)	2039
2010A Student Housing (Phase X)	32,000,000	28,659,629	3.00 to 5.50	2040
2010B Student Housing (Phase XI)	17,000,000	15,232,321	3.00 to 5.00	2040
2011A Student Housing (Phase XII)	30,000,000	28,205,106	4.00 to 5.50	2041
2013A Student Housing (Phase XIII)	30,000,000	30,251,572	2.25 to 5.00	2043
<b>Total Capital Improvement Revenue Bonds</b>	<b>\$ 221,500,000</b>	<b>\$ 194,013,670</b>		

Notes: (1) Amount outstanding includes unamortized discounts and premiums.

(2) Variable interest rate at June 30, 2016.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	\$ 5,325,000	\$ 7,844,518	\$ 13,169,518
2018	5,515,000	7,664,073	13,179,073
2019	5,745,000	7,458,263	13,203,263
2020	5,975,000	7,243,933	13,218,933
2021	6,220,000	7,016,169	13,236,169
2022-2026	35,315,000	31,323,837	66,638,837
2027-2031	43,835,000	23,532,841	67,367,841
2032-2036	48,715,000	13,654,758	62,369,758
2037-2041	33,010,000	4,935,970	37,945,970
2042-2046	3,315,000	250,250	3,565,250
<b>Subtotal</b>	<b>192,970,000</b>	<b>110,924,612</b>	<b>303,894,612</b>
Net Discounts and Premiums	1,043,670	-	1,043,670
<b>Total</b>	<b>\$ 194,013,670</b>	<b>\$ 110,924,612</b>	<b>\$ 304,938,282</b>

**Loans Payable.** On March 27, 2006, the Corporation entered into a Tax Exempt Note, Series 2005, in the amount of \$5 million. The Corporation drew the entire \$5 million to purchase land for the purpose of establishing a Naples Center and reported the outstanding balance of the loan at June 30, 2016. Principal payments are equal to all funds collected by the Foundation pursuant to a capital campaign of the Florida Gulf Coast University Naples Center Project. The obligations under the loan are secured solely by the assignment of the capital campaign. As of June 30, 2016, the Foundation had raised \$1 million of the \$5 million capital campaign toward this project. Interest is assessed on the difference between the \$5 million borrowed and the donations collected reduced by the amount of interest income earned during the year on the donations. The maturity date of the loan and all indebtedness outstanding was amended on October 1, 2015, and becomes due on or before September 30, 2016.

On July 1, 2013, the Corporation entered into 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, 2016, 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.

The annual requirements to amortize the outstanding loans as of June 30, 2016, are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 5,300,000	\$ 281,880	\$ 5,581,880
2018	500,000	274,050	774,050
2019	400,000	261,000	661,000
2020	400,000	250,560	650,560
2021	500,000	240,120	740,120
2022-2026	2,500,000	1,004,850	3,504,850
2027-2031	3,300,000	644,670	3,944,670
2032-2036	2,900,000	193,140	3,093,140
<b>Total</b>	<b>\$ 15,800,000</b>	<b>\$ 3,150,270</b>	<b>\$ 18,950,270</b>

**Loans Payable – Component Unit.** The Foundation borrowed \$5,000,000 to assist a related entity to acquire real estate in Naples, Florida. The line of credit bears interest at 65 percent of the bank's prime rate minus 50 basis points (1.95 percent at June 30, 2016). Principal payments are made when donations are received for this project. This line of credit was renewed and reduced to \$4,000,000 in 2009. On June 30, 2016, the outstanding balance of this line of credit was \$4,000,000. The interest is due quarterly, with the principal due at maturity. The Foundation has pledged the \$5,000,000 loan receivable as collateral for the line of credit. In addition, the related party has guaranteed repayment of the line of credit.

On July 27, 2007, the Foundation secured a \$3,000,000 5-year loan from Northern Trust Bank at a fixed rate of 4.28 percent to purchase the Marine Science and Environmental Education Center property. On December 15, 2012, the Foundation entered into a 5-year variable interest rate loan which includes an annual principal payment of \$150,000. This loan bears interest at 65 percent of prime rate (2.28 percent at June 30, 2016) which is payable quarterly.

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Loans Payable	\$ 6,550,000	\$ -	\$ -	\$ 6,550,000	\$ 4,300,000

Debt service requirements of the loans are as follows:

<b>Year Ending June 30</b>	<b>Mortgage Note</b>		<b>Line of Credit</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 300,000	\$ 54,600	\$ 4,000,000	\$ 39,000	\$ 4,300,000	\$ 93,600
2018	2,250,000	23,766	-	-	2,250,000	23,766
<b>Total</b>	<b>\$ 2,550,000</b>	<b>\$ 78,366</b>	<b>\$ 4,000,000</b>	<b>\$ 39,000</b>	<b>\$ 6,550,000</b>	<b>\$ 117,366</b>

**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, 2016, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$10,409,057. The current portion of the compensated absences liability, \$784,231, is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last 3 years calculated as a historical percentage of those years' total compensated absences liability.

**Other Postemployment Benefits Payable.** The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

**Plan Description.** Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined benefit plan (OPEB Plan). 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the OPEB Plan information is not included in the annual report of a public employee retirement system or another entity.

**Funding Policy.** OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The State has not advance-funded other postemployment benefit (OPEB) costs or the net OPEB obligation. Premiums necessary for funding the OPEB Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the *General Appropriations Act*. For the 2015-16 fiscal year, 59 retirees received postemployment healthcare benefits. The University provided required contributions of \$288,000 toward the annual OPEB cost, composed of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$455,000, which represents 0.54 percent of covered payroll.

**Annual OPEB Cost and Net OPEB Obligation.** The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the OPEB Plan, and changes in the University's net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 3,366,000
Amortization of Unfunded Actuarial Accrued Liability	1,644,000
Interest on Normal Cost and Amortization	201,000
<b>Annual Required Contribution</b>	5,211,000
Interest on Net OPEB Obligation	785,000
Adjustment to Annual Required Contribution	(725,000)
<b>Annual OPEB Cost (Expense)</b>	5,271,000
Contribution Toward the OPEB Cost	(288,000)
<b>Increase in Net OPEB Obligation</b>	4,983,000
Net OPEB Obligation, Beginning of Year	19,632,000
<b>Net OPEB Obligation, End of Year</b>	<b>\$ 24,615,000</b>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and for the 2 preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013-14	\$ 3,779,000	3.1%	\$ 16,310,000
2014-15	3,445,000	3.6%	19,632,000
2015-16	5,271,000	5.5%	24,615,000

*Funded Status and Funding Progress.* As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$44,503,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$44,503,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$84,243,931 for the 2015-16 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 52.8 percent.

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

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of

sharing of benefit costs between the employer and participating members. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial valuations used actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The University's OPEB actuarial valuation as of July 1, 2015, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2016, and the University's 2015-16 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 3.25 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 4.4 percent, 8.5 percent, and 9.3 percent for the first 3 years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 3.5 percent, 6.6 percent, and 7.5 percent for the first 3 years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 3.9 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 21 years.

**Net Pension Liability.** As a participating employer in the Florida Retirement System, 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, 2016, the University's proportionate share of the net pension liabilities totaled \$30,314,904. Note 11. includes a complete discussion of defined benefit pension plans.

## 11. 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 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. 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.

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, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer

defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The University's FRS and HIS pension expense totaled \$3,574,773 for the fiscal year ended June 30, 2016.

#### **FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of 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 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 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.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Benefits Provided.* Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and

survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Special Risk Regular</b>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00
<b>Senior Management Service Class</b>	
	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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 is 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 2015-16 fiscal year were:

<b><u>Class</u></b>	<b><u>Percent of Gross Salary</u></b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
FRS, Regular	3.00	7.26
FRS, Senior Management Service	3.00	21.43
FRS, Special Risk	3.00	22.04
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 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 \$3,371,268 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the University reported a liability of \$17,431,335 for its proportionate share of the net pension liability. The net pension liability was measured as of

June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The University's proportionate share of the net pension liability was based on the University's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the University's proportionate share was 0.134955671 percent, which was an increase of 0.014398527 from its proportionate share measured as of June 30, 2014.

For the year ended June 30, 2016, the University recognized pension expense of \$2,412,346. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,840,233	\$ 413,418
Change of assumptions	1,156,976	-
Net difference between projected and actual earnings on FRS Plan investments	-	4,162,311
Changes in proportion and differences between University contributions and proportionate share of contributions	5,370,804	-
University FRS contributions subsequent to the measurement date	3,371,268	-
<b>Total</b>	<b>\$ 11,739,281</b>	<b>\$ 4,575,729</b>

The deferred outflows of resources related to pensions totaling \$3,371,268, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ (365,594)
2018	(365,593)
2019	(365,593)
2020	3,068,443
2021	1,412,449
Thereafter	408,172
<b>Total</b>	<b>\$ 3,792,284</b>

**Actuarial Assumptions.** The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - Mean		2.6%		1.9%

Note: (1) As outlined in the Plan's investment policy.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.65 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.

**Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.65 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 (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
University's proportionate share of the net pension liability	\$ 45,168,531	\$ 17,431,335	\$ (5,650,568)

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

*Payables to the Pension Plan.* At June 30, 2016, the University reported a payable of \$229,965 for the outstanding amount of contributions in the Pension Plan required for the fiscal year ended June 30, 2016.

#### **HIS Pension Plan**

*Plan Description.* The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided.* For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS 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, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$674,592 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions.* At June 30, 2016, the University reported a liability of \$12,883,569 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 one 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, 2015, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to the HIS Plan actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the University's proportionate share was 0.126328980 percent, which was an increase of 0.010000861 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the University recognized pension expense of \$1,162,427. In addition, the University reported deferred outflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>
Change of assumptions	\$ 1,013,601
Net difference between projected and actual earnings on HIS plan investments	6,974
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,178,727
University contributions subsequent to the measurement date	674,592
<b>Total</b>	<b>\$ 2,873,894</b>

The deferred outflows of resources totaling \$674,592 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, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30</b>	<b>Amount</b>
2017	\$ 355,699
2018	355,699
2019	355,698
2020	354,283
2021	353,601
Thereafter	424,322
<b>Total</b>	<b>\$ 2,199,302</b>

*Actuarial Assumptions.* The total pension liability at July 1, 2015, determined by applying update procedures to the actuarial valuation at July 1, 2014 used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.80 percent

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

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.8 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was

adopted as the applicable municipal bond index. The discount rate used to determine the total pension liability decreased from 4.29 percent from the prior measurement date.

**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 3.8 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 (2.8 percent) or 1 percentage point higher (4.8 percent) than the current rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
University's proportionate share of the net pension liability	\$ 14,680,227	\$ 12,883,569	\$ 11,385,426

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report.

**Payables to the Pension Plan.** At June 30, 2016, the University reported a payable of \$49,237 for the outstanding amount of contributions to the Pension Plan required for the fiscal year ended June 30, 2016.

## 12. 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 of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, 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 rollover 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 \$736,058 for the fiscal year ended June 30, 2016.

**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 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, 2.65 percent to cover the unfunded actuarial liability of the FRS Pension Plan, 0.01 percent to cover administrative costs, for a total of 7.8 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 \$3,400,875, which includes the unfunded actuarial liability portion, and employee contributions totaled \$2,260,667 for the 2015-16 fiscal year.

### 13. Construction Commitments

The University's construction commitments at June 30, 2016, are as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
South Village Recreation Center	\$ 6,502,912	\$ 1,180,449	\$ 5,322,463
South Access Road	4,000,000	154,324	3,845,676
North Lake Village Dining Facility	2,700,000	223,544	2,476,456
<b>Subtotal</b>	13,202,912	1,558,317	11,644,595
Project Balances Under \$1 million	5,647,313	1,531,527	4,115,786
<b>Total</b>	<b>\$ 18,850,225</b>	<b>\$ 3,089,844</b>	<b>\$ 15,760,381</b>

### 14. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2015-16 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 \$54 million for named windstorm and flood losses through February 14, 2016, and increased to \$85 million starting February 15, 2016. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$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.

### 15. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of 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	\$ 66,559,241
Research	2,188,813
Public Services	8,933,282
Academic Support	17,047,817
Student Services	13,626,468
Institutional Support	25,775,221
Operation and Maintenance of Plant	10,263,869
Scholarships, Fellowships, and Waivers	16,576,902
Depreciation	15,286,094
Auxiliary Enterprises	33,853,909
<b>Total Operating Expenses</b>	<b>\$ 210,111,616</b>

### 16. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. The following financial information for the University's Housing, Parking, and Student Services Center facilities represents identifiable activities for which one or more bonds are outstanding:



## Condensed Statement of Net Position

	Housing Facility	Parking Facility	Student Services
<b>Assets</b>			
Current Assets	\$22,217,637	\$ 3,840,877	\$ -
Capital Assets, Net	179,462,108	21,091,777	-
Other Noncurrent Assets	7,781,964	370,583	-
<b>Total Assets</b>	<b>209,461,709</b>	<b>25,303,237</b>	<b>-</b>
<b>Liabilities</b>			
Current Liabilities	9,736,366	825,186	-
Noncurrent Liabilities	180,039,361	19,149,309	-
<b>Total Liabilities</b>	<b>189,775,727</b>	<b>19,974,495</b>	<b>-</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,174,052	66,663	-
Restricted - Expendable	8,781,964	1,370,583	-
Unrestricted	9,729,966	3,891,496	-
<b>Total Net Position</b>	<b>\$ 19,685,982</b>	<b>\$ 5,328,742</b>	<b>\$ -</b>

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

	Housing Facility	Parking Facility	Student Services
Operating Revenues	\$29,240,485	\$ 3,475,079	\$ 244,718
Depreciation Expense	(4,174,407)	(503,902)	(70,000)
Other Operating Expenses	(17,172,669)	(1,633,410)	(246,404)
<b>Operating Income</b>	<b>7,893,409</b>	<b>1,337,767</b>	<b>(71,686)</b>
Nonoperating Revenues (Expenses):			
Nonoperating Revenue	393,119	42,885	1,311,337
Other Nonoperating Expense	(5,949,324)	(754,209)	(5,257,512)
<b>Net Nonoperating Expenses</b>	<b>(5,556,205)</b>	<b>(711,324)</b>	<b>(3,946,175)</b>
<b>Increase (Decrease) in Net Position</b>	<b>2,337,204</b>	<b>626,443</b>	<b>(4,017,861)</b>
Net Position, Beginning of Year	17,348,778	4,702,299	4,017,861
<b>Net Position, End of Year</b>	<b>\$ 19,685,982</b>	<b>\$ 5,328,742</b>	<b>\$ -</b>

## Condensed Statement of Cash Flows

	Housing Facility	Parking Facility	Student Services
Net Cash Provided (Used) by:			
Operating Activities	\$ 11,182,874	\$ 1,842,508	\$ 200,000
Noncapital Financing Activities	(5,742,687)	(741,514)	1,122,231
Capital and Related Financing Activities	(5,134,334)	(635,000)	(5,300,000)
Investing Activities	(305,853)	(665,904)	3,977,769
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>-</b>	<b>(199,910)</b>	<b>-</b>
Cash and Cash Equivalents, Beginning of Year	-	570,493	-
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ -</b>	<b>\$ 370,583</b>	<b>\$ -</b>

## 17. 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

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
<b>Assets:</b>				
Current Assets	\$ 25,820,972	\$ 67,755,700	\$ (2,000,000)	\$ 91,576,672
Capital Assets, Net	10,971,006	527,576,567	-	538,547,573
Other Noncurrent Assets	207,465,717	1,746,727	(197,313,170)	11,899,274
<b>Total Assets</b>	<b>244,257,695</b>	<b>597,078,994</b>	<b>(199,313,170)</b>	<b>642,023,519</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>14,613,175</b>	<b>-</b>	<b>14,613,175</b>
<b>Liabilities:</b>				
Current Liabilities	9,113,856	17,341,017	-	26,454,873
Noncurrent Liabilities	204,188,670	258,376,195	(199,313,170)	263,251,695
<b>Total Liabilities</b>	<b>213,302,526</b>	<b>275,717,212</b>	<b>(199,313,170)</b>	<b>289,706,568</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>4,575,729</b>	<b>-</b>	<b>4,575,729</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	5,747,462	322,986,442	-	328,733,904
Restricted - Expendable	10,152,547	14,527,174	-	24,679,721
Unrestricted	15,055,160	(6,114,388)	-	8,940,772
<b>Total Net Position</b>	<b>\$ 30,955,169</b>	<b>\$ 331,399,228</b>	<b>\$ -</b>	<b>\$ 362,354,397</b>

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Operating Revenues	\$ 18,924,955	\$ 97,327,615	\$ -	\$ 116,252,570
Depreciation Expense	(212,869)	(15,073,225)	-	(15,286,094)
Other Operating Expenses	(14,075,172)	(188,186,269)	7,435,919	(194,825,522)
<b>Operating Income (Loss)</b>	<b>4,636,914</b>	<b>(105,931,879)</b>	<b>7,435,919</b>	<b>(93,859,046)</b>
Nonoperating Revenues (Expenses):				
Nonoperating Revenue	467,598	104,470,873	-	104,938,471
Interest Expense	-	(3,068)	(7,435,919)	(7,438,987)
Other Nonoperating Revenue (Expense)	(7,546,950)	6,803,078	-	(743,872)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(7,079,352)</b>	<b>111,270,883</b>	<b>(7,435,919)</b>	<b>96,755,612</b>
Other Revenues	-	6,274,679	-	6,274,679
<b>Increase (Decrease) in Net Position</b>	<b>(2,442,438)</b>	<b>11,613,683</b>	<b>-</b>	<b>9,171,245</b>
<b>Net Position, Beginning of Year</b>	<b>33,397,607</b>	<b>319,785,545</b>	<b>-</b>	<b>353,183,152</b>
<b>Net Position, End of Year</b>	<b>\$ 30,955,169</b>	<b>\$ 331,399,228</b>	<b>\$ -</b>	<b>\$ 362,354,397</b>

**Condensed Statement of Cash Flows**

	FGCU Financing Corporation	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	\$ 9,633,558	\$ (67,267,936)	\$ (10,304,883)	\$ (67,939,261)
Noncapital Financing Activities	(1,736,023)	85,503,841	18,917,955	102,685,773
Capital and Related Financing Activities	(11,044,334)	(10,997,549)	(8,613,072)	(30,654,955)
Investing Activities	3,006,012	(7,168,725)	-	(4,162,713)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(140,787)</b>	<b>69,631</b>	<b>-</b>	<b>(71,156)</b>
Cash and Cash Equivalents, Beginning of Year	586,370	14,382	-	600,752
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 445,583</b>	<b>\$ 84,013</b>	<b>\$ -</b>	<b>\$ 529,596</b>

**18. Related Party Transactions****University and Blended Component Unit.**

As part of a Master Ground and Operating Lease Agreement (see Note 10.), the University operates and pays all operating costs of the facilities leased from the Florida Gulf Coast University Financing Corporation (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.**

On March 15, 2006, the Florida Gulf Coast University Foundation, Inc. (Foundation), loaned \$5 million to the Corporation to purchase a two-acre lot in Naples as the future location of the University's Naples Center (Naples Center). The Naples Center will offer for-credit classes and house a 300 seat auditorium. The land purchase was deemed necessary to aid in the Foundation's fundraising efforts for construction of the Naples Center. The Corporation is responsible for the interest due on the balance not raised by donations.

The Foundation maintains a portion of its investments and had two outstanding loans with a financial institution of which a Foundation board member was an officer during the fiscal year ended June 30, 2016. The Foundation investments managed by the financial institution at June 30, 2016, totaled \$26,943,226. The Foundation had outstanding loans totaling \$6,550,000 with the financial institution at June 30, 2016, and paid \$132,968 in interest during the fiscal year ended June 30, 2016.

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, 2016. The Foundation investments managed by the investment firm at June 30, 2016, totaled \$11,527,650.

The Foundation's operating bank account was with a financial institution that a Foundation board member was an officer of during the fiscal year ending June 30, 2016. On June 30, 2016, the Foundation had \$13,913,113 on deposit with this financial institution.

On July 13, 2013, the University renewed the lease agreement with the Foundation for the use of waterfront property for the University's Vester Marine Science and Environmental Education Center. The monthly lease payment of \$32,000 covers the general operating and maintenance expenses incurred by the Foundation.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Funding Progress – Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2011	\$ -	\$ 26,010,000	\$ 26,010,000	0%	\$ 66,215,314	39.3%
7/1/2013	-	28,949,000	28,949,000	0%	72,848,027	39.7%
7/1/2015	-	44,503,000	44,503,000	0%	84,243,931	52.8%

Note: (1) The entry-age cost actuarial method was used to calculate the actuarial accrued liability.

### Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan

	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.134955671%	0.120557144%	0.090929688%
University's proportionate share of the FRS net pension liability	\$ 17,431,335	\$ 7,355,759	\$ 15,653,046
University's covered-employee payroll (2)	\$ 78,759,256	\$ 71,749,253	\$ 67,297,169
University's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	22.13%	10.25%	23.26%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	92.00%	96.09%	88.54%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee 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

	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	\$ 3,371,268	\$ 3,290,334	\$ 2,640,713
FRS contributions in relation to the contractually required contribution	(3,371,268)	(3,290,334)	(2,640,713)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
University's covered-employee payroll (2)	\$ 83,326,076	\$ 78,759,256	\$ 71,749,253
FRS contributions as a percentage of covered-employee payroll	4.05%	4.18%	3.68%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee 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 the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan

	2015 (1)	2014 (1)	2013 (1)
University's proportion of the HIS net pension liability	0.126328980%	0.116328119%	0.109926339%
University's proportionate share of the HIS net pension liability	\$ 12,883,569	\$ 10,876,963	\$ 9,570,533
University's covered-employee payroll (2)	\$ 37,462,263	\$ 34,108,299	\$ 31,706,972
University's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	34.39%	31.89%	30.18%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.50%	0.99%	1.78%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

### Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	2016 (1)	2015 (1)	2014 (1)
Contractually required HIS contribution	\$ 674,592	\$ 482,908	\$ 398,501
HIS contributions in relation to the contractually required HIS contribution	(674,592)	(482,908)	(398,501)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -
University's covered-employee payroll (2)	\$ 39,725,141	\$ 37,462,263	\$ 34,108,299
HIS contributions as a percentage of covered-employee payroll	1.70%	1.29%	1.17%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### 1. Schedule of Funding Progress – Other Postemployment Benefit Plan

The July 1, 2015, unfunded actuarial accrued liability of \$44,503,000 was significantly higher than the July 1, 2013, liability of \$28,949,000 as a result of (1) the per capita claims cost assumption increased, (2) retiree contributions were not as high as expected, (3) the healthcare trend rate assumption was revised, and (4) certain demographic assumptions were revised (retirement rates, termination rates, etc.).

### 2. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

**Changes of Assumptions.** The municipal rate used to determine total pension liability decreased from 4.29 percent to 3.8 percent.



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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 15, 2017, 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to University management in our operational audit report No. 2017-064.

#### 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 report is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman, CPA  
Tallahassee, Florida  
March 15, 2017

## **APPENDIX C**

### Indenture

[THIS PAGE INTENTIONALLY LEFT BLANK]

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.

TABLE OF CONTENTS  
(continued)

	Page
Section 3.14 Sources of Payments of Bonds on a Required Purchase Date.....	40
Section 3.15 Required Purchase on STING Rate Purchase Date.....	40

## ARTICLE IV

## TENDER AND REMARKETING OF BONDS; REDEMPTION PROVISIONS

Section 4.01 Tender Option During Variable Rate Periods.....	41
Section 4.02 Inadequate Funds for Tenders.....	43
Section 4.03 Optional Redemption During a Variable, STING or Commercial Paper Rate Period.....	43
Section 4.04 Optional Redemption at a Premium During a Fixed Rate Period.....	43
Section 4.05 Extraordinary Optional Redemption.....	44
Section 4.06 Redemption Notices to Trustee; Credit Agreement Mandatory Amortization.....	45
Section 4.07 Mandatory Redemption from Periodic Redemption Requirements.....	45
Section 4.08 Mandatory Redemption from Amortization Requirements.....	45
Section 4.09 Mandatory Redemption upon Determination of Taxability.....	46
Section 4.10 Selection of Bonds to Be Redeemed.....	46
Section 4.11 Notice of Redemption; Accrued Interest.....	47
Section 4.12 Payment of Bonds Called for Redemption.....	48
Section 4.13 Sources of Payments for Variable and Commercial Paper Rate Bonds Other Than upon Required Purchases.....	48
Section 4.14 Cancellation of Certain Purchased Bonds.....	49
Section 4.15 Effect of Redemption.....	49

## ARTICLE V

## APPLICATION OF PROCEEDS; CREATION OF FUNDS; LETTER OF CREDIT

Section 5.01 Application of Bond Proceeds.....	49
Section 5.02 Sinking Fund; Payments by the Issuer.....	51
Section 5.03 Payment of Interest and Principal.....	53
Section 5.04 Investment of Moneys.....	54
Section 5.05 Rebate.....	55
Section 5.06 Moneys Held in Trust.....	55
Section 5.07 Requirements for Credit Facility; Alternate Credit Facility.....	55
Section 5.08 Draws.....	56
Section 5.09 Pledged Bonds.....	57
Section 5.10 Return of Credit Facility.....	57
Section 5.11 Funds and Accounts.....	57

## ARTICLE VI

## REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 6.01 Representations and Warranties.....	57
Section 6.02 Time of Representations and Warranties.....	60

ARTICLE VII  
COVENANTS

Section 7.01 Payment of Bonds.....	60
Section 7.02 Further Assurances.....	60

-ii-

AMENDED AND RESTATED TRUST INDENTURE  
TABLE OF CONTENTS

FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION

## ARTICLE I

Section 1.01 Representations of the Issuer.....	1
Section 1.02 Granting Clause and Acceptance by Trustee.....	2
Section 1.03 Definitions.....	3
Section 1.04 Use of Words and Phrases.....	21
Section 1.05 Date of Indenture.....	21

ARTICLE II  
THE BONDS

Section 2.01 Issuance of Bonds; Form; Dating; CUSIP Numbers.....	22
Section 2.02 Book-Entry System and Transfer of Non Book Entry Bonds.....	23
Section 2.03 Execution and Authentication.....	24
Section 2.04 Payments of Purchase Price, Principal, Redemption Price and Interest; Persons Entitled Thereat.....	25
Section 2.05 Depository; Treated as Bond Owner.....	25
Section 2.06 Acts of Owners.....	25
Section 2.07 Additional Bonds.....	25
Section 2.08 Additional Bonds Secured by Some Credit Facility.....	28
Section 2.09 Mutilated, Lost or Destroyed Bonds.....	28

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.....	28
Section 3.02 Rate Periods; Daily Rates; Weekly Rates; Multiannual Rates.....	29
Section 3.03 Conversions Between Variable Rate Periods.....	31
Section 3.04 Conversions from Commercial Paper Rate Periods.....	33
Section 3.05 Commercial Paper Rates.....	33
Section 3.06 Conversions to Commercial Paper Rate Periods.....	34
Section 3.07 Conversions from Variable or Commercial Paper Rate Periods to a Fixed Rate Period.....	34
Section 3.08 Required Purchase During Commercial Paper Rate Periods.....	36
Section 3.09 Required Purchase Upon Conversion Dates and Multiannual Rate Adjustment Dates.....	37
Section 3.10 Required Purchase upon Fixed Rate Conversion.....	37
Section 3.11 Required Purchase or Special Tender Option upon Substitution or Expiration of Credit Facility.....	37
Section 3.12 Required Purchase in Lieu of Acceleration.....	39
Section 3.13 Required Purchase in the Event of Non-Reinstatement of Interest Drawn by the Trustee under the a Credit Facility.....	39

-i-

TABLE OF CONTENTS  
(continued)

	Page
Section 7.03 Construction of Improvements.....	60
Section 7.04 Performance of Covenants by the Issuer; Defaults.....	61
Section 7.05 Inspection of Project Books.....	61
Section 7.06 No Vacancy in Office of Trustee.....	61
Section 7.07 Project is Property of the State of Florida.....	61
Section 7.08 Rate Covenant.....	61
Section 7.09 Inspections.....	61
Section 7.10 Correction of Deficient Work.....	62
Section 7.11 Adequate Financing.....	62
Section 7.12 Use of Bond Proceeds.....	62
Section 7.13 Payment of Fees, Taxes and Expenses.....	62
Section 7.14 Merger; Transfer of Property.....	62
Section 7.15 Insurance.....	63
Section 7.16 Financial Statements.....	63
Section 7.17 No Waivers.....	63
Section 7.18 Adverse Liens.....	63
Section 7.19 Place of Business.....	63
Section 7.20 Hazardous Materials.....	63
Section 7.21 Indemnification.....	64
Section 7.22 Survival.....	64
Section 7.23 Notice of Default.....	64
Section 7.24 Compliance with Laws.....	64
Section 7.25 Termination or Amendment of Leases.....	64
Section 7.26 Additional Parly Debt.....	64
Section 7.27 Maintenance.....	65
Section 7.28 Continuation of Operating Lease.....	65
Section 7.29 Continuing Disclosure.....	65

ARTICLE VIII  
DISCHARGE OF INDENTURE

Section 8.01 Bonds Deemed Paid; Discharge of Indenture.....	65
Section 8.02 Application of Trust Money.....	66
Section 8.03 Repayment to Credit Facility Provider and the Issuer.....	66
Section 8.04 Assignment to Credit Facility Provider.....	66

ARTICLE IX  
DEFAULTS AND REMEDIES

Section 9.01 Events of Default.....	67
Section 9.02 Acceleration.....	68
Section 9.03 Other Remedies.....	70
Section 9.04 Waiver of Past Defaults.....	72
Section 9.05 Control by Credit Facility Provider or Majority; Apportionment of Revenues.....	72
Section 9.06 Limitation on Suits.....	72
Section 9.07 Rights of Owners to Receive Payment.....	73
Section 9.08 Collection Suit by Trustee.....	73
Section 9.09 Trustee May File Proofs of Claim.....	73
Section 9.10 Application of Revenues During the Occurrence of an Event of Default.....	74

-iii-

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 9.11	Undertaking for Costs.....74
Section 9.12	Marshaling of Assets.....74
Section 9.13	Notice and Opportunity to Cure Certain Defaults.....74
Section 9.14	Restoration of Rights and Remedies.....75
Section 9.15	Notice of Events of Default.....75
Section 9.16	Limitation on Remedies.....75

**ARTICLE X  
TRUSTEE AND REMARKETING AGENT**

Section 10.01	Duties of Trustee.....75
Section 10.02	Rights of Trustee.....76
Section 10.03	Individual Rights of Trustee, etc.....78
Section 10.04	Trustee's Disclaimer.....78
Section 10.05	Compensation and Indemnity of Trustee.....78
Section 10.06	Eligibility of Trustee.....79
Section 10.07	Replacement of Trustee.....79
Section 10.08	Duties of Remarketing Agent.....80
Section 10.09	Eligibility of Remarketing Agent, Replacement.....80
Section 10.10	Compensation of Remarketing Agent.....81
Section 10.11	Successor Trustee or Remarketing Agent by Merger, etc.....81
Section 10.12	Appointment of Co-trustee.....81
Section 10.13	Service as Trustee, Authenticating Agent and Paying Agent.....81
Section 10.14	No Liability for Clean-up of Hazardous Materials.....81

**ARTICLE XI  
AMENDMENTS OF AND SUPPLEMENTS TO INDENTURE**

Section 11.01	Without Consent of Owners.....82
Section 11.02	With Consent of Owners or Credit Facility Provider/Bond Insurer.....83
Section 11.03	Effect of Consents.....83
Section 11.04	Notation on or Exchange of Bonds.....84
Section 11.05	Signing by Trustee of Amendments and Supplements.....84
Section 11.06	Delivery of Opinion of Counsel with Respect to Supplemental Indentures.....84
Section 11.07	Consents of Remarketing Agent.....84
Section 11.08	Exclusion of Certain Bonds.....84

**ARTICLE XII  
MISCELLANEOUS**

Section 12.01	Notices.....85
Section 12.02	Owners' Consents, etc.....87
Section 12.03	Limitation of Rights.....87
Section 12.04	Severability.....88
Section 12.05	Payments Due on Holidays; Acts to be Performed.....88
Section 12.06	Governing Law.....88
Section 12.07	Captions.....88
Section 12.08	No Recourse Against the Issuer's Officers.....88
Section 12.09	Counterparts.....89
Section 12.10	Bonds Outstanding.....89

-iv-

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 12.11	Times.....89
Section 12.12	Successors and Assigns.....89

**ARTICLE XIII  
BOND INSURANCE**

Section 13.01	Bond Insurance.....89
---------------	-----------------------

**Schedule A Outstanding Bonds Secured under the Indenture**

Appendix A	Series 2010A Bonds
Appendix B	Series 2010B Bonds
Appendix C	Series 2011A Bonds
Appendix D	Series 2013A Bonds
Appendix E	STING Rate Bonds (Series 2005A Bonds and Series 2005B Bonds)
Exhibit A-1	Form of Bonds (Other than STING Rate)
Exhibit A-2	Form of Bonds (STING Rate Only)
Exhibit A-3	Form of Investor Letter
Exhibit B	Form of Project Fund Requisition and Certificate
Exhibit C	Bond Insurer Provisions
Exhibit D	Redemption Provisions for Series 2003 Bonds
Exhibit E	Redemption Provisions for Series 2007A Bonds
Exhibit F	Redemption Provisions for Series 2007C Bonds
Exhibit G	Redemption Provisions for Series 2010A Bonds
Exhibit H	Redemption Provisions for Series 2010B Bonds
Exhibit I	Redemption Provisions for Series 2011A Bonds
Exhibit J	Redemption Provisions for Series 2013A Bonds

-v-

**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 thereafter 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.

3

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.

5

"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 attorney's fees 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.

4

"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.

6

"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 (c), 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.

7

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

"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

8

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 Fofler Higher Education Group, Inc. and that certain Food Services Management Agreement, dated as of its date, by and between the University Board and Azamark 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 Issuer 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

9

10

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.

11

"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.

13

"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 Project 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.

12

"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 exemptions 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.

14

"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 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:

MAJORITY 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 Investor Protection Corporation covering U.S. Government Obligations in which the Trustee has a perfected first priority 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 Investor 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 therefore 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 5<sup>th</sup> 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 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 in 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 (30<sup>th</sup>) 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 (30<sup>th</sup>) 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.

19

(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.

"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 Follett 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;

20

## 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.

21

C-7

22

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 assigns 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

23

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

(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

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 thereof 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.

24

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;

25

26

(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.

(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 each 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) 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 classified 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.

(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.

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

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

(ii) The Multinannual Rate for each Multinannual 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 Multinannual 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 Multinannual Rate Period.

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

(iv) At the time of conversion of any Bonds to a Multinannual 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 Multinannual Rate Period to a

31

(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 Multinannual 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 (30<sup>th</sup>) 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 Multinannual Rate Period, the number of years to be included within such Multinannual 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)(i) 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)(i) 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.

33

different Variable Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Multinannual Rate Period would otherwise have commenced pursuant to subsection 3.02(c) 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 Multinannual Rate Period, the number of years to be included within such Multinannual 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 3.02(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 Multinannual 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:

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 Multinannual Rate Period, the Conversion Date shall be limited to the Multinannual Rate Adjustment Date on which a new Multinannual Rate Period would otherwise have commenced pursuant to Section 3.02(c), 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(c) 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:

(i) **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 Multinannual Rate Period, any Interest Payment Date on which a new Multinannual Rate Period would begin.

34



(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.

35

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, teletype, 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).

(iii) no conversion shall occur without the prior written consent of the Credit Facility Provider and the Bond Insurer, if any, unless Available Monies 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 such 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

36

(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) or by 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, teletype, 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

37

38

Provider, if the Credit Facility is in effect, by telephone (promptly confirmed in writing), telegram, teletype, 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(c) 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 to 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

39

### 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 to which a notice of redemption has been given by the Trustee unless the Remarketing Agent has advised and received acknowledgment from the Person to whom the sale is made of the forthcoming conversion

(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 (c) on the Required Purchase Date. The provisions of Sections 4.01 (c), (d), (e), (f) and (g) shall apply to remarketing of Bonds pursuant to 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 thereafter by the Issuer. The Trustee shall not have any obligation to advance its own funds for payment of surrendered Bonds.

40

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 as to cause the Credit Facility Provider Account to be an Eligible Account.

(c) 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

41

42

accordance with the prior written instructions of the Remarketing Agent; (H) 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 reserved 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.

43

#### 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

#### Fixed Rate Period

	Equal to or Greater Than	But Less Than	No-call Period	Initial Premium	No Premium
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.

44

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

45

46

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

47

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 Bonds 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.

49

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

48

(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 Issuer, if any, or the Credit Facility Provider and will notify the Issuer, the Bond Issuer, 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.

50

(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

51

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) 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.

53

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

52

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.

54



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

55

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 or of interest due on the Bonds in accordance with this Indenture 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.

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 or of 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 Multinomial 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 Multinomial, 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

56

(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.

(c) **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 guarantees 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.

59

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 such advance herein agreed to be made and on completion of construction, all receipts, 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

(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 in all times hereafter 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 carriage 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

60

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 other 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

61

62

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, sublet 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 the 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, STINGI, 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.

63

**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 hereunder 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 (c) 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) STINGI to the effect that all obligations of the Issuer to STINGI under the STINGI 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 STINGI 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 escrow 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 escrow 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

65

66



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 hereto, 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

6/

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

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,

68

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 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 thereto 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, guarantees 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.

71

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

72

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

72

(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 5.03(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

74

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:

75

(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(b), 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

(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 in 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 unredemmed 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.

76

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.

(a) 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.

(a) 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

(b) 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, STINGI, 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.

70

**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 conferring 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),

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.

80

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.

81

82

(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 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 monies 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.

(i) 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.

83

## 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 PGCU Boulevard South  
Ft. Myers, Florida 33968-6565  
Attention: Executive Director

with a copy to:

Florida Gulf Coast University  
Office of General Counsel  
10501 PGCU Boulevard South  
Ft. Myers, Florida 33965-6565  
Attention: Vee H. Lessard, 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 NC3612  
Charlotte, North Carolina 28202

85

84

if to the Remarketing Agent for the Series 2009A Bonds:

BMO Capital Markets GKST Inc.  
200 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  
Teletype 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  
Teletype 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  
Teletype 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

86

Standard & Poor's  
55 Water Street, 38th Floor  
New York, New York 10041  
Attention: public\_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, thereof. 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,

87

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.

89

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

88

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

\_\_\_\_\_  
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 495990 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: *William J. [Signature]*  
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: *[Signature]*  
Its: S.P. Vice Pres.

**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: *[Signature]*  
Its: Lorran A. McCoy  
Vice President

[Signature Page for Trust Indenture]

[Signature Page for Trust Indenture]

SCHEDULES, APPENDICES AND EXHIBITS  
INTENTIONALLY OMITTED

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



**SECOND SUPPLEMENTAL INDENTURE  
TO AMENDED AND RESTATED TRUST INDENTURE**

This **SECOND SUPPLEMENTAL INDENTURE TO AMENDED AND RESTATED TRUST INDENTURE ("Second Supplement")**, is made and entered into as of October 1, 2017 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**"), and as supplemented by this Second Supplemental Indenture to Amended and Restated Trust Indenture, dated as of October 1, 2017, as further amended and supplemented (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 pursuant to Section 1004.28, Florida Statutes; and

**WHEREAS**, the Issuer has previously issued the Bonds listed on Schedule A of the **Restated Indenture** (together with any Additional Bonds issued from time to time thereunder, collectively, the "**Bonds**") as the same may be amended from time to time; and

**WHEREAS**, the Restated Indenture provides for the authorization and issuance of Additional Bonds that shall be entitled to the benefit, protection and security of the Restated Indenture together with the Outstanding Bonds; and

**WHEREAS**, in order to take advantage of lower fixed interest rates, the Issuer desires to issue a Series of Bonds to refund its Series 2007C Bonds; and

**WHEREAS**, the Issuer has determined it to be in its best interest to sell the Series 2017B Bonds at a negotiated sale; and

**WHEREAS**, the Issuer has or will satisfy all legal requirements for such negotiated sale and in particular, has satisfied Section 218.385, Florida Statutes; 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; and

1

This Second Supplemental Indenture to Amended and Restated Trust Indenture dated as of October 1, 2017 between Florida Gulf Coast University Financing Corporation (the "**Issuer**") and TD Bank, National Association, as trustee (the "**Trustee**") supplements certain provisions of that certain Amended and Restated Trust Indenture dated as of July 1, 2013, between the Issuer and the Trustee.

SECOND SUPPLEMENTAL INDENTURE TO  
AMENDED AND RESTATED TRUST INDENTURE  
  
Between  
FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
  
and  
  
TD BANK, NATIONAL ASSOCIATION

Dated as of October 1, 2017

**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**

**AUTHORIZATION OF BONDS AND REFUNDING AND DETAILS OF BONDS**

**Section 1. Authorization of Bonds and Refunding.**

The Series 2017B Bonds, designated "Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project)" are hereby authorized to be issued hereunder and secured by the Indenture pursuant to the provisions hereof, in the aggregate principal amount of \$\_\_\_\_\_, in substantially the form provided by Exhibit A attached hereto. The Series 2017B Bonds are being issued in order to refund, on a current basis, the Outstanding Series 2007C Bonds (the "Refunded Bonds"). The refunding of the Refunded Bonds is hereby authorized.

**Section 2. Details of Bonds.**

All Series 2017B Bonds shall bear interest at Fixed Rates in accordance with Section 3.02 of the Indenture. The Series 2017B Bonds shall initially accrue interest from their dated date and such interest shall be payable each February 1 and August 1. The Series 2017B Bonds shall be dated the date of issuance and shall mature and bear interest at the rates as provided in the Bond Purchase Agreement entered into in connection with the sale of the Series 2017B Bonds by the Issuer to the purchaser(s) thereof (the "Bond Purchase Agreement"). The Series 2017B Bonds shall be subject to Extraordinary Optional Redemption in accordance with Section 4.05 of the Restated Indenture, Mandatory Redemption in accordance with Section 4.09 of the Restated Indenture, and optional redemption and mandatory redemption from Amortization Requirements as provided in the Bond Purchase Agreement. There shall be no debt service reserve subaccount required to be established in the Debt Service Reserve Account within the Parking System Sinking Fund for the Series 2017B Bonds.

The Series 2017B 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 Second Supplement, the Issuer shall execute and deliver the Series 2017B Bonds to the Trustee and, upon receipt by the Trustee of those documents required under Section 2.07 of the Restated Indenture, the Trustee shall authenticate the Series 2017B Bonds and deliver them to the purchaser or purchasers as directed by the Issuer.

**Section 3. Application of Bond Proceeds; Establishment of Cost of Issuance Account.**

The Issuer shall deposit the proceeds of the Series 2017B Bonds with the Trustee. The Trustee shall deposit such proceeds and the investment earnings thereon in separate accounts and shall disburse the same for the following purposes:

(a) \$\_\_\_\_\_ shall be used to pay the principal of and interest on the Refunded Bonds; and

(b) \$\_\_\_\_\_ shall be deposited to the Series 2017B Cost of Issuance Subaccount of the Project Account within the Project Fund established hereunder to pay the costs of issuing the Series 2017B Bonds.

There is hereby established within the Project Account of the Project Fund a Series 2017B Cost of Issuance Subaccount for payment of costs of issuance with respect to the Series 2017B Bonds. The Trustee shall disburse amount on deposit in the Series 2017B Project Account upon requisition by the Issuer duly signed by an Issuer Representative upon which the Trustee may conclusively rely. On the date that is six months from the date of issuance of the Series 2017B Bonds all amounts remaining on deposit in the Series 2017B Project Account shall be transferred by the Trustee to the Principal Account within the Parking System Sinking Fund and used to pay principal on the Series 2017B Bonds on the next principal payment date and thereafter the Series 2017B Project Account shall be closed. The Trustee is hereby directed to create subaccounts within the Sinking Fund as required in section 5.02 of the Indenture related to the 2017 Bonds.

**ARTICLE II**

**SUPPLEMENT TO SCHEDULE A TO RESTATED INDENTURE**

Schedule A to the Restated Indenture is hereby supplemented to add thereto the Series 2017B Bonds as provided in Schedule A hereto.

**ARTICLE III**

**AMENDMENTS, CHANGES AND MODIFICATIONS**

This Second 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 Second Supplement, the terms and provisions in the Restated Indenture remain in full force and effect.

**ARTICLE IV  
SEVERABILITY**

In the event any court of competent jurisdiction shall hold any provision of this Second Supplement invalid or unenforceable such holding shall not invalidate or render unenforceable, any other provision hereof or the Restated Indenture.

**ARTICLE V**

**EXECUTION IN COUNTERPARTS, EFFECTIVENESS, CONFLICTS**

This Second 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 Second 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 VI  
HEADINGS**

The headings used in this Second Supplement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Second 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 Second Supplemental Indenture to  
Amended and Restated Trust Indenture]

4

S-1

**TD BANK, NATIONAL ASSOCIATION**, as  
Trustee

Schedule A

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Vice President

[Signature page to Second Supplemental Indenture to  
Amended and Restated Trust Indenture]

## FORM OF 2017B BONDS

Name of Issue	Mode/Initial Par Amount	Credit Enhancement	Maturity
Capital Improvement Refunding Revenue Bonds, Series 2017B	Fixed Rate/\$	N/A	February 1, 2-

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 REFUNDING REVENUE BONDS, SERIES 2017B  
(PARKING PROJECT)**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>Cusip No.</u>
_____	February __, 20__	_____, 2017	_____

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 February 1, 2018 and each August 1 and February 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 \$\_\_\_\_\_, issued under the Amended and Restated Trust Indenture, dated as of July 1, 2013, (between the Issuer and TD Bank, National Association, as trustee (the "Trustee") (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 refund the Issuer's outstanding Capital Improvement Revenue Bonds, Series 2007C (Parking Project).

The Bonds and all payments thereunder constitute general obligations of the Issuer and are initially payable from and secured by the pledge of and lien upon the Parking System Revenues which constitute the Trust Estate under the Indenture in addition to the Issuer's other Outstanding Parking System Bonds, subject to the limitations in the Indenture and Operating Lease (as defined in the Indenture).

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 Outstanding Parking System 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 LEASE.**

**THE BONDS CONSTITUTE PARKING SYSTEM BONDS AND ARE SECURED AND PAYABLE FROM PARKING SYSTEM REVENUES AS DEFINED IN THE INDENTURE.**

**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 dated date, 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 February 1 and each August 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]

[Mandatory Redemption]

**Mandatory Redemption upon Determination of Taxability.** In the event of a Determination of Taxability, as defined in the Indenture, the Bonds shall be redeemed within one hundred twenty (120) days of such determination, as a whole, at a Redemption Price of equal to the principal amount thereof, plus accrued interest to the redemption date, provided that no such redemption shall be 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.

#### 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 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), and to the state information depository ("SID"), if any, for the State, in each case as designated by the SEC or any successor services. 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) during a Fixed Rate Period 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.

Exhibit A-4

Exhibit A-5

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: \_\_\_\_\_, 2017

Exhibit A-6

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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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.

Exhibit A-8

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX D**

### Operating Lease

[THIS PAGE INTENTIONALLY LEFT BLANK]



## EXECUTION VERSION

This instrument prepared by  
(and return to):  
Richard H. Lott, Esq.  
McGuireWoods LLP  
50 North Laura Street, Suite 3300  
Jacksonville, FL 32202

### NINTH AMENDED AND RESTATED MASTER CAPITAL PROJECTS OPERATING LEASE

**THIS NINTH AMENDED AND RESTATED MASTER CAPITAL PROJECTS OPERATING LEASE** (herein called this "Operating Lease"), made as of this 1st day of July, 2013, between **FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION** (the "Financing Corporation"), a Florida not for profit corporation, hereinafter the "Lessor," and **THE FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES** (the "University Board"), acting for and on behalf of **FLORIDA GULF COAST UNIVERSITY** (the "University"), hereinafter the "Lessee" or the "University Board," each in consideration of the agreements to be performed by the other, hereby agree that Lessor shall grant and Lessee shall accept a lease of the Leased Premises (as hereinafter defined) under the following terms and conditions:

**WHEREAS**, this Operating Lease amends and restates that certain Eighth Amended and Restated Master Capital Projects Operating Lease, dated as of June 1, 2013 (the "Prior Operating Lease"), between the Financing Corporation and the University Board, acting for and on behalf of the University, and contains the original provisions of the Prior Operating Lease as amended and supplemented hereby; and

**WHEREAS**, the Lessor was incorporated by the University Board to provide direct support to the University and designated by the University Board as a "University Direct Support Organization" pursuant to §1004.28, Florida Statutes; and

**WHEREAS**, the Lessee desires to provide for the operation, financing or refinancing of various capital projects, from time to time (collectively, the "Capital Projects"), including, particularly, the 2013A Project (as defined herein) of the University (a) located on land leased from the University Board pursuant to a (i) Third Amended and Restated Master Capital Projects Ground Lease Agreement, dated as of April 1, 2008 (the "Master Ground Lease") and (ii) Phase XI Ground Lease Agreement, dated as of October 1, 2010 (the "Phase XI Ground Lease"), each between the University Board, acting for and on behalf of the University, as lessor, and the Financing Corporation, as lessee, as the same may be amended and supplemented from time to time and (b) financed from revenue obligations (the "Bonds"), issued by the Lessor, at the direction of the Lessee, from time to time, which Bonds are secured by the Lessee's obligations to pay Base Rent (as defined in Section 6 herein) to the Lessor and such Base Rent obligations

are secured by and payable solely from Net Revenues (defined herein) derived from the Capital Project Facilities System and the Student Union Addition (each defined herein), as applicable; and

**WHEREAS**, the Bonds shall be issued in compliance with the terms hereof and shall be specifically identified, from time to time, on Exhibit "C" hereto; and

**WHEREAS**, the Lessor's: (i) \$47,500,000 Capital Improvement Revenue Bonds, Series 2003 (the "Series 2003 Bonds") were issued on December 10, 2003, (ii) \$8,000,000 Capital Improvement Revenue Bonds, Series 2005A (Housing Project), which were originally issued on February 16, 2005 and are being amended and restated as of July 1, 2013 as set forth in the Indenture (as amended and restated, the "Series 2005A Bonds"), (iii) \$6,000,000 Capital Improvement Revenue Bonds, Series 2005B (Parking Project), which were originally issued on February 16, 2005 and are being amended and restated as of July 1, 2013 as set forth in the Indenture (as amended and restated, the "Series 2005B Bonds"), (iv) \$25,000,000 Capital Improvement Revenue Bonds, Series 2007A (Housing Project) (the "Series 2007A Bonds") were issued on May 10, 2007, (v) \$6,000,000 Capital Improvement Revenue Bonds, Series 2007B (Student Union Project) (the "Series 2007B Bonds") were issued on October 3, 2007, (vi) \$10,000,000 Capital Improvement Revenue Bonds, Series 2007C (Parking Project) (the "Series 2007C Bonds") were issued on May 10, 2007, (vii) \$22,000,000 Capital Improvement Revenue Bonds, Series 2008A (Housing Project) (the "Series 2008A Bonds") were issued on May 1, 2008, (viii) \$8,000,000 Capital Improvement Revenue Bonds, Series 2009A (Parking Project) (the "Series 2009A Bonds") were issued on May 7, 2009, (ix) \$32,000,000 Capital Improvement Revenue Bonds, Series 2010A (Housing Project) (the "Series 2010A Bonds") were issued on July 28, 2010, (x) \$17,000,000 Capital Improvement Revenue Bonds, Series 2010B (Housing Acquisition Project) (the "Series 2010B Bonds") were issued on October 14, 2010, (xi) \$30,000,000 Capital Improvement Revenue Bonds, Series 2011A (Housing Project) (the "Series 2011A Bonds") were issued on June 28, 2011 (the "Series 2011A Bonds") and (xii) \$30,000,000 Capital Improvement Revenue Bonds, Series 2013A (Housing Project) (the "Series 2013A Bonds") were issued on June 11, 2013 (the "Series 2013A Bonds") (the Series 2003 Bonds, Series 2005A Bonds, Series 2005B Bonds, Series 2007A Bonds, Series 2007B Bonds, Series 2007C Bonds, Series 2008A Bonds, Series 2009A Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2011A Bonds and Series 2013A Bonds are collectively referred to herein as the "Prior Bonds"); and

**WHEREAS**, the Lessor and the Lessee have duly approved (i) the construction of the projects financed by the Prior Bonds; (ii) the issuance of the Prior Bonds and (iii) the Prior Operating Lease; and

**WHEREAS**, on July 1, 2013, the Lessor has determined to enter into the Indenture (hereinafter defined) in order to amend and restate the Original Indenture (as defined in the Indenture) to provide for the Series 2005 Bonds to bear interest in STING Rate Periods; and

**WHEREAS**, the construction and equipping of the 2013A Project (as defined in the Prior Operating Lease) has not been completed as of the date hereof;

**WHEREAS**, the Lessor and the Lessee duly approved (i) the construction and equipping of the 2013A Project and the financing thereof by the Series 2013A Bonds; (ii) the issuance of the Series 2013A Bonds; and (iii) this Operating Lease; and

**WHEREAS**, the University Board, as lessor, shall lease the Land (defined below), the 2013A Project (defined herein), the Existing Improvements and any additional improvements thereon to the Financing Corporation, as lessee, for the construction and equipping of the 2013A Project pursuant to the Master Ground Lease; and

**WHEREAS**, the Financing Corporation shall lease back the Leased Premises (defined below), including the Land, as more fully described in Exhibit "A" attached hereto, the 2013A Project, the Existing Improvements and any additional improvements, from time to time included, to the University Board, and the University Board shall operate the 2013A Project pursuant to the terms set forth herein;

**WHEREAS**, all of the Lessor's interest in this Operating Lease, as amended and supplemented, and the Master Ground Lease and Phase XI Ground Lease (each as may be amended and supplemented), by and between the Lessor and the Lessee, will be assigned to a trustee (the "Trustee") under a trust indenture, entered into by the Lessor with the Trustee, providing for the issuance of and security for the repayment of the Prior Bonds.

**NOW, THEREFORE**, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree to amend and restate the Prior Operating Lease 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" shall mean additional bonds (including without limitation Bonds issued under the Indenture) and other obligations issued in compliance with the terms, conditions and limitations contained herein and rank equally in all respects with the Bonds.

"Additional Rent" shall have the meaning set forth in Section 6 of this Operating Lease.

"Annual Budget" shall mean the budget prepared in accordance with Section 29 of this Operating Lease.

"Base Rent" shall have the meaning set forth in Section 6 of this Operating Lease.

"Board of Trustees" shall have the meaning set forth in Section 5 of this Operating Lease.

"Bonds" shall mean revenue bonds designated as "Capital Improvement Revenue Bonds, Series \_\_\_\_\_ (\_\_\_\_\_ Project)" (designated by year of delivery and Capital Project) issued pursuant to the Indenture and listed in Exhibit "C" attached hereto, as the same may be amended or supplemented from time to time, and any Additional Parity Obligations, issued by the Lessor

from time to time to finance Capital Projects approved by the Lessee, as set forth on Exhibit "C" hereto.

"Capital Projects" shall mean the capital projects set forth on Exhibit "B" (as may be amended and supplemented, from time to time) attached hereto, including the 2013A Project. 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.

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

"Costs of Operation and Maintenance of the Capital Project Facilities System and the Student Union Addition" shall mean the expense, paid or accrued, of operation, maintenance and repair (including insurance) of the Capital Project Facilities System and the Student Union Addition, for each Fiscal Year, as calculated in accordance with sound accounting practice, but shall not include any reserve for renewals, replacements or extraordinary repairs or any allowance for depreciation.

"Debt Service Fund" shall mean the special fund created in this Operating Lease for the purpose of making payments of debt service on the Bonds, Additional Parity Obligations and any other indebtedness of the Lessor.

"Existing Improvements" shall mean certain improvements to the University's Housing System (defined herein) designated Phase I through Phase XII (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), Parking System designated Phases I through Phase III, and Student Union Addition (defined herein), all as further described in Exhibit "B" hereto.

"Fiscal Year" shall mean the twelve (12) month period commencing July 1 of each calendar year, or such other fiscal year as adopted by the Lessee as its fiscal year.

"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 Lessee 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.

"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 Account" shall mean the account so established and created by Section 30.

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

"Improvements" shall have the meaning set forth in Section 3 of this Operating Lease.

"Indenture" shall mean the Amended and Restated Trust Indenture dated as of July 1, 2013, between the Financing Corporation and the Trustee, as modified by the Amended and Restated Trust Indenture dated as of even date herewith between the Trustee and the Financing Corporation, as amended or supplemented from time to time in accordance with its terms.

"Land" shall mean those parcels of real property in Ft. Myers, Lee County, Florida, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.

"Lease Payments" shall mean all Base Rent and Additional Rent obligations of the Lessee under this Operating Lease.

"Leased Premises" shall have the meaning set forth in Section 2.

"Master Ground Lease" shall mean the Third Amended and Restated Master Capital Projects Ground Lease Agreement, dated as of April 1, 2008, between the University Board, acting for and on behalf of the University, as lessor, and the Financing Corporation, as lessee, as the same may be amended and supplemented from time to time, in compliance herewith and with the Indenture.

"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 115% of the average SIFMA Index over the twelve (12) months immediately preceding the issuance of the Additional Parity Obligations proposed to be issued) 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.

"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 Project Facilities System and the Student Union Addition) in the applicable period (to the extent the foregoing items are included as expenses).

"Operation and Maintenance Fund" or "Plant Fund" shall mean the special fund created in this Operating Lease for the purpose of establishing reserves for renewals and replacements of the Capital Projects, payment of extraordinary costs of operation and maintenance, payment of debt service on the Bonds, Additional Parity Obligations or other indebtedness of the Lessor (should the Net Revenues in any Fiscal Year be insufficient for such purpose) and such other costs, including additions and improvements to the Capital Projects, as may be deemed necessary or appropriate at the sole discretion of the Lessor.

"Parking System" shall mean the complete student parking lots and garage facilities owned by the Lessor and operated and maintained by the Lessee at the University, together with all improvements, extensions and additions thereto.

"Parking System Account" shall mean the account so established and created by Section 30.

"Parking System Revenues" shall mean the Net Revenues derived from the operation of the Parking System. For the avoidance of doubt, student parking fees established pursuant to Section 1009.24(14)(r), Florida Statutes, are included as a part of Parking System Revenues.

"Personal Property" shall have the meaning set forth in Section 4.

"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.

"Related Financing Documents" shall mean 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), the STING Agreement (as defined in the Indenture) or any hedging transactions.

"Revenue Fund" shall mean the special fund created in this Operating Lease into which all Gross Revenues shall be deposited.

"SIFMA Index" shall mean the Securities Industry and Financial Markets Association's ("SIFMA") Index, known previously as the BMA Index, that is a seven-day high grade market index composed of tax-exempt variable rate demand obligation bonds, calculated weekly.

"Student Union" shall mean the student union facility on the campus of the University, owned, operated and maintained by the University Board, together with any and all improvements, extensions and additions.

"Student Union Account" shall mean the account so established and created by Section 30.

"Student Union Addition" shall mean the approximately 23,478 gross square feet addition to the Student Union in connection with the financing provided by the Series 2007B Bonds.

"Student Union Revenues" shall mean those Net Revenues of the Lessee derived from that certain Management and Operating Agreement, dated July 1, 2010, by and between the Lessee and Follet Higher Education Group, Inc. and that certain Food Services Management Agreement, dated as of its date, by and between the Lessee 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.

**Section 2. Leased Premises.** The lease shall be of the Lessor's total possessory interest in the Improvements, Land and Personal Property, as hereinafter defined. The Land together with the Improvements and Personal Property shall be hereinafter referred to as the "Leased Premises."

**Section 3. Improvements.** The "Improvements" shall initially mean Existing Improvements, the 2013A Project and shall include any additional improvements from time to time (as set forth in Exhibit "B" attached hereto) that the Lessor shall acquire, renovate and equip pursuant to the Phase XI Ground Lease and the Master Ground Lease and that the Lessor shall construct pursuant to the general specifications and guidelines set forth in the Phase XI Ground Lease and the Master Ground Lease, respectively, which shall include but not be limited to, 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 Operating Lease term;

(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 Operating Lease term; 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 Lessor 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 Lessor or the Lessee during the term of this Operating Lease, including furnishings that the Lessor is required to place on the Leased Premises pursuant to Section 5(c) of the Master Ground Lease and of the Phase XI Ground Lease, respectively.

**Section 5. Termination.** The Operating Lease shall terminate on the date on which all Bonds and any obligations under any Related Financing Documents, including all Lease 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 Lessee), the Lessor agrees not to terminate this Operating Lease for any reason whatsoever, including termination of the Master Ground Lease and the Phase XI Ground Lease, as long as there remains unpaid any obligations of the Lessor 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 Operating Lease may be essential to the collateral security for such obligations. The Lessor and the Lessee shall not terminate this Operating Lease or modify this Operating Lease 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. Notwithstanding the foregoing, under no circumstance shall this Operating Lease, as it relates to the Existing Improvements other than those in Phase XI of the Housing System, extend beyond the term of 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 "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 Board of Trustees and the Lessee, as described Section 1 of the Master Ground Lease.

**Section 6. Rent.** The Lessee agrees to pay the Lessor, at such address as the Lessor shall designate to the Lessee during the term of this Operating Lease, the following rent (the "Lease Payments"):

(a) **Base Rent.** During the term of this Operating Lease the Lessee agrees to pay to the Lessor all amounts due and payable under the Bonds and any Additional Parity Obligations and all other amounts due and owing under the Related Financing Documents. The principal component of the Base Rent shall be equal to the principal or purchase price corresponding to the principal amount due on the Bonds (the "Principal Component"). The interest component of the Base Rent shall be equal to the interest due on the Bonds (the "Interest Component"). Base Rent 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 and in 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 Lessee 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 Lessee may otherwise have against the Lessor. The Lessee shall not suspend or discontinue any such payment or fail to perform or observe any other agreements or covenants contained herein or terminate this Operating Lease so long as any part of the principal or purchase of and the interest on the Bonds or such other Additional Parity Obligations or any Related Financing Documents remain outstanding and unpaid.

(b) **Additional Rent.** The Lessee shall bear all expenses associated with the ownership, operation and rental of the Leased Premises, and the rent payable to the Lessor shall be net of all such expenses, including, but not by way of limitation, taxes, insurance, maintenance and repair. Therefore, as additional rent ("Additional Rent"), the Lessee shall, during the term hereof, pay and discharge, except as hereinafter provided, within the time provided under applicable Florida law, after the Lessee's receipt of an invoice therefor, all assessments, water rents and charges, sewer rents and any governmental impositions and other charges of every kind and nature whatsoever, extraordinary as well as ordinary, and every installment thereof, and all fees and charges of public and governmental authorities for maintenance, use and occupation of any building or facility covered hereby that shall or may during the term be charged or become due and payable or liens upon or for the Leased Premises or any part thereof, or any appurtenances, or equipment thereof or therein, or the sidewalk or street in front of, or adjoining the Leased Premises, under or by virtue of all present or future laws, ordinances, orders, rules or regulations of any governmental authorities having jurisdiction over the Leased Premises. Additionally, the Lessee shall pay or make provision for the payment of all charges for water, heat, gas, hot water, electricity, light and power, maintenance of parking areas and any other service or services furnished to the Leased Premises or the occupants thereof, during the term of this Operating Lease within thirty (30) days after the same shall become due and payable. The Lessee shall be deemed to have complied with the covenant of this subparagraph (b) if payment of such assessments, water rents, rates or charges, sewer rents, or other governmental impositions or charges have been made, either within any grace period allowed by law or by the governmental authorities imposing the same, during which payment is permitted without penalty or interest, or before same shall become a lien upon the Leased Premises, whichever is later, and the Lessee shall, upon written notice by the Lessor, produce and exhibit to Lessor receipted bills or sufficient and adequate copies of same as proof of such payment. Any tax levied on the Leased Premises, the Lease Payments, the Master Ground Lease, the Phase XI Ground Lease, or this Operating Lease shall be borne by the Lessee and the Lessee may pay the same directly to the appropriate authority, if applicable, or remit the amounts due, if any, to the Lessor as Additional Rent and the Lessor shall then make the remittance to the appropriate governmental authority. In addition thereto, if applicable, the Lessee shall pay the Additional Rent set forth herein, during the term of this Operating Lease and all costs, expenses and obligations of any kind and nature whatsoever relating to the Leased Premises, whether extraordinary or ordinary, and whether incurred from operation of the Leased Premises, or through external services provided to the Leased Premises, shall, except as otherwise provided herein, be paid by the Lessee.

Notwithstanding the foregoing, unless failure to pay may result in a lien on the assets of the Lessor, nothing herein contained shall require or be construed to require the Lessee to pay any inheritance, estate, succession, transfer, gift, franchise, capital levy, income or profit tax or any corporate or partnership income tax, all of which, if applicable, shall be the sole and

exclusive responsibility of the Lessor. The Lessor shall repay any such sums paid by the Lessee on behalf of the Lessor, but such obligation shall not give rise to any set off claims or other remedies against the Lessee that will diminish the obligations of the Lessor hereunder.

#### **Section 7. Use of Leased Premises.**

(a) **Use.** The Lessee shall use the Leased Premises for the purpose of constructing and equipping the 2013A Project, maintaining the Existing Improvements and constructing Capital Projects from time to time for the students, faculty and staff members of the University.

(b) **Prohibition.** The Lessee shall not permit the use of the Leased Premises for any purposes that shall be unlawful or shall be noxious, injurious, or in any way harmful to the Leased 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 Lessee shall do no act that constitutes a prohibited use under the terms and provisions of this Operating Lease.

(c) **Other Income.** The Lessee may maintain, install and receive income from all concessions, franchises, coin operated equipment or machines of a similar nature, including but not limited to, laundry equipment, food, beverage and cigarette machines that the Lessee may choose to operate on the Leased Premises. Except as permitted herein, no commercial equipment or facilities whatsoever shall be permitted to be established, installed or operated on the Leased Premises.

**Section 8. The Lessee's Duty to Maintain and Repair Premises.** The Lessee, during the term of this Operating Lease, shall, at its expense, 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 Lessee shall comply with all laws, ordinances, orders, regulations, rules, and requirements relating to the Leased Premises or any support facilities thereto incident to or resulting from any use or occupation thereof by Lessee or its sublessees. The Lessee shall repair all damages or injury done to the Leased Premises by the Lessee or by any person who may be in or upon the Leased Premises, at its expense. The Lessee 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 Leased Premises, notwithstanding whether the Lessor or the Lessee was or is primarily liable for the payment of said expenses.

**Section 9. Taxes.** The Lessee shall pay all taxes relating to the Land, Improvements and Personal Property and this Operating Lease, including, but not by way of limitation, ad valorem taxes (real and personal), if any, general and special assessments, all taxes allocated to Personal Property located on or used in connection with the Land, any sales tax or use tax imposed on the rental, use, and operation of the Leased Premises pursuant to this Operating Lease, the Master Ground Lease or the Phase XI Ground Lease, and any fines, penalties, interest or costs that may be charged for nonpayment of any such taxes. If the Lessor is primarily liable

for any such taxes or assessments, the Lessee shall pay such amounts to the Lessor as Additional Rent under Section 6(b) hereof.

#### **Section 10. Insurance.**

(a) Insurance Coverage. The Lessee shall maintain, at the Lessor's expense, such insurance coverages and limits as provided by Chapter 284, Florida Statutes, Parts I and II. During the term of this lease the Lessor shall procure and maintain policies of fire, extended risk, and liability insurance coverage. The extended risk and fire insurance coverage shall be in an amount equal to the actual cash value of any improvements or fixtures located on the Leased Premises, subject to Section 10(b) below. The liability insurance coverage shall be in amounts not less than \$100,000 per person and \$200,000 per incident or occurrence for personal injury, death, and property damage on the Leased 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 Property Insurance Trust Fund and the Florida Casualty Insurance Risk Management Trust Fund and administered by the Department of Insurance, Bureau of Risk Management of the State of Florida, or its equivalent or successor, and copies thereof shall be filed with the Lessor. At least fifteen (15) days prior to the expiration of any such policy the Lessee shall furnish to the Lessor proof that such insurance coverage has been renewed or extended.

(2) The Lessee 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 Leased Premises, and such policies shall name the Board of Trustees as an additional insured, except with respect to policies that insure the 2010B Project.

(c) Lessor's Rights; Use of Proceeds. The Lessee shall deliver to the Lessor evidence of insurance at the execution of this Operating Lease, 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 accordance with Section 18.

In the event that the Lessee shall at any time fail, refuse or neglect to obtain and pay for any insurance required hereunder, the Lessor may, at its sole option, after reasonable notice to the Lessee, obtain and pay for such insurance from any insurer licensed to do business in Florida and the Lessee, to the extent permitted by law, shall pay the Lessor upon demand for the cost thereof plus ten percent (10%) thereof for administrative overhead.

**Section 11. Attorneys' Fees.** In the event the Lessor becomes a party to any lawsuit or legal proceeding relating to this Operating Lease or the ownership and operation of the Land, Improvements, or Personal Property, the Lessee shall, to the extent permitted by Florida law, indemnify the Lessor for all expenses and costs, including reasonable attorneys' fees incurred by the Lessor in any such lawsuit; provided, however, that this Section 11 shall not apply to

expenses and costs incurred in a suit between the Lessor and the Lessee regarding this Operating Lease.

**Section 12. Utilities.** The Lessee shall pay all charges for heat, air conditioning, water, gas, electricity and other utilities used in connection with the Land, Improvements and Personal Property.

**Section 13. Assignment and Subletting.** The Lessee shall not have the right to assign this Operating Lease or any interest therein, or to sublet any portion of the Leased Premises other than to an agency or instrumentality of the State of Florida without the prior express written consent of the Lessor; provided, however, the Lessee may let or sublet the Capital Project facility located on the Leased Premises or any part thereof or any right or privilege pertaining thereto, to students, faculty and staff members of the University. No assignment or subletting of the Leased Premises shall in any way relieve the Lessee of any of its obligations under the provisions of this Operating Lease.

**Section 14. Other Agreements.** The provisions herein relating to (i) the 2013A Project shall be interpreted in accordance with the provisions of the Master Ground Lease and, in the event of any conflict between the terms hereof and the terms of said Master Ground Lease, the terms of the Master Ground Lease shall prevail and (ii) the Existing Improvements shall be interpreted in accordance with the provisions of the Master Ground Lease or Phase XI Ground Lease, as applicable, and, in the event of any conflict between the terms hereof and the terms of said Master Ground Lease or Phase XI Ground Lease, the terms of the Master Ground Lease or Phase XI Ground Lease, as applicable, shall prevail.

**Section 15. Warranties of Lessor.** Notwithstanding the provisions of Section 8 hereof, the Lessor hereby represents and warrants to the Lessee that it shall cause the Capital Projects 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 Lessee.

The Lessor shall use its best efforts to cause its general contractor to begin correcting, within thirty (30) days following receipt of notice from the Lessee, at no cost or expense to the Lessee, any work that is found to be defective in workmanship or materials (pursuant to local industry standards) or not in substantial conformity with such plans and specifications; provided, however, that the Lessee shall have given written notice of such nonconformity to the Lessor within the applicable warranty period. The above-described warranties shall be in addition to, and not in derogation of, all other rights and privileges that the Lessee may have either at law or in equity, which rights the Lessee expressly reserves hereunder. Additionally, the Lessor shall assign, transfer, and deliver to the Lessee all warranties from manufacturers and/or suppliers of, any fixtures, and equipment or components thereof, installed or incorporated in the Leased Premises by the Lessor and shall further render such assistance and cooperation as the Lessee may from time to time request in connection with any warranty claims required to be filed by the Lessee pursuant to any such warranties.

**Section 16. Indemnity.** The Lessee, during the term hereof, shall, to the extent permitted by Florida law, indemnify and save harmless the Lessor from and against all claims and demands whether for injuries to persons or loss of life, or damage to property, occurring on or within the Leased Premises and arising out of the use and occupancy of the Leased Premises by the Lessee or its sublessees, excepting however, such claims and demands whether for injuries to person or loss of life or damage to property, caused by acts or omissions of the Lessor.

In the event the Lessor shall pay or be compelled to pay any sum of money or do any act that shall require the expenditure or payment of any sum by reason of the failure of the Lessee to perform any one or more of the covenants herein contained. The Lessee shall repay the same promptly upon demand, plus ten percent (10%) thereof, for administrative overhead, and in default thereof, the sum or sums so paid by the Lessor together with all interest, costs and damages, shall or may be added as Additional Rent to the next installment of Base Rent becoming due and shall be payable as such, but it is expressly covenanted and agreed hereby that payment by the Lessor of any such sums of money or the doing of any such acts shall not be deemed to waive or release the default in the payment or doing thereof by the Lessee, by reason of the Lessee's default with respect to any such payment or act.

**Section 17. Condemnation.**

(a) Substantial. If the whole of the Leased Premises hereby demised shall be taken by condemnation or purchased in lieu thereof by any competent authority, then the term hereby granted shall terminate as of the day prior to the purchase or taking of possession by such authority, whichever first occurs, and rent hereunder (including without limitation all payments required under clause (d) below) shall be paid to and adjusted as of that day.

If a portion of the Leased Premises shall be condemned or taken, and, as a result thereof, there shall be such a major change in the character of the Leased Premises as to prevent the Lessee from using the same in substantially the same manner as theretofore used, then and in that event, this Operating Lease shall terminate as of the day prior to the date when the part of the Leased Premises so taken or required shall be required for such public purpose.

Since the Lessor shall have made substantial improvements to the structures located on the Land, the award of damages or compensation for the Leased Premises taken, or the amount paid pursuant to private purchase in lieu thereof, whether such condemnation or sale be total or partial, shall be applied first to make any payment of Base Rent (including without limitation all payments required under clause (d) below) then due and payable, second to make any payment of Additional Rent then due and payable, and any remaining amounts shall be divided such that the Lessor shall receive that share of the remaining award allocated to the value of the Improvements taken and the Lessee shall receive that share allocated to the value of the Land taken.

(b) Partial. Prior to or during construction, if the condemning party acquires title to a portion of the Leased Premises only and the Lessor can make beneficial use of the residue thereof for the purposes intended by this Operating Lease, then this Operating Lease shall continue in full force and effect and the total proceeds of condemnation after payment of

reasonable attorneys' fees and other necessary expenses incurred by either party in connection therewith shall be applied first to the repair or restoration of the Improvements by the Lessor in accordance with plans and specifications approved by the Lessee. Any remaining balance of the condemnation proceeds shall be for the benefit of the Lessee. After completion of construction, if the condemning party acquires title to a portion of the Leased Premises only and the Lessee can make beneficial use of the residue thereof for the purposes intended by this Operating Lease, then this Operating Lease shall continue in full force and effect and the total proceeds of condemnation after payment of reasonable attorneys' fees and other necessary expenses incurred by either party in connection therewith shall be applied first to the repair and restoration of the Improvements by the Lessee. Any remaining balance of the condemnation proceeds shall be for the benefit of the Lessee.

(c) Appeals. The foregoing provisions of this Section 17 shall not in any way restrict the right of the Lessee or the Lessor to appeal the award made by any court or other public agency in any condemnation proceeding.

(d) Bondholder Protection. Notwithstanding anything to the contrary herein, all condemnation awards and proceeds shall be payable to the Lessor to the extent necessary to satisfy and repay all present and future obligations of the Lessor under the Bonds, the Indenture and other Related Financing Documents.

**Section 18. Casualty.**

(a) Notice and Rebuilding. If, during the term of this Operating Lease, the Leased Premises or any furnishings and equipment installed therein at the commencement of the term of this Operating Lease or thereafter erected thereon, or therein, shall be destroyed or damaged in whole or in part by fire or any other cause, the Lessee shall give to the Lessor immediate notice thereof, and the Lessee, 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 Lessor 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. If such destruction or damage occurs during the period during which the Lessor is constructing improvements on the Leased Premises, the Lessor shall be responsible for repairing the damage or reconstructing the Leased Premises and for paying all costs in excess of insurance proceeds; or if such destruction or damage is covered by warranty pursuant to the provisions of Section 15 hereof, the warrantor shall be responsible therefor. It is not the intent of this Section 18 to release the Lessor from any cause of action or claim resulting from its negligence.

(b) Statements. In the event of a loss that the Lessee is obligated to repair or rebuild, the Lessee shall present statements for work completed to the Lessor, or, in the event that an architect has been retained to supervise such work, then the Lessee shall submit the appropriate requisition certificate of the architect in charge of such work to the Lessor, and the Lessor shall disburse such insurance proceeds to the Lessee. If the loss is one that the Lessor is obligated to repair or rebuild, the Lessor shall request disbursement of insurance proceeds for its

own costs and expenses incurred. In each instance of disbursement of proceeds prior to the completion of any work, the Lessee or the architect, if any, shall also certify to the Lessor 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. If in the course of such work any mechanics' or other lien or order for the payment of money shall be filed against the Leased Premises or against the Lessor or the Lessee or if the Lessee shall be in default in the payment of any Base Rent or Additional Rent then due and payable, or if there is any existing and unremedied default on the part of the Lessee under this Operating Lease as to which the Lessor has served notice upon the Lessee and that the Lessee has failed to cure within the time provided herein, the Lessor shall not be obligated to make any payment of such insurance proceeds until and unless such liens or orders have been fully bonded, or satisfied, or until such default has been cured.

(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 Leased Premises or any fixtures or equipment thereon, the Lessee shall pay the additional sum required to effect such repair, replacement or rebuilding. The Lessee shall retain any excess insurance proceeds in a trust fund, so long as this Operating Lease is outstanding, for the purpose of insuring prompt and full payment to the Lessor.

(d) Substantial Damage. If during the term of this Operating Lease the Leased Premises and any fixtures and equipment thereon 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 deposited into the Plant Fund and applied to the restoration and rebuilding of the Leased Premises and any equipment and fixtures thereon in accordance with the provisions of Section 10(c) hereof. The Lessee shall commence such restoration and rebuilding within eighteen (18) months of receipt of such proceeds, unless the Lessor is obligated to repair or restore under the provisions of this Operating Lease, in which event, the Lessor shall commence such repair or restoration within said time. If the Lessee is obligated under the provisions of this Operating Lease to repair or restore the Leased Premises but does not commence repair or restoration within said eighteen (18) months, the Lessor shall have the option inter alia, to: (1) do nothing and continue to collect the Lease Payments, which shall not abate for any reason, (2) utilize all insurance proceeds to repair or restore the Leased Premises, or in the alternative, (3) retain the proceeds of insurance and, subject to Section 5, terminate this Operating Lease and the Master Ground Lease or Phase XI Ground Lease, as applicable, whereupon each party shall be relieved of any further obligations hereunder or to the other party.

(e) Reconstruction Progress. Under no circumstances shall the Lessor cancel this Operating Lease if reconstruction by the Lessee 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 36(c) hereof. All such work and the performance thereof shall be subject to and be performed in accordance with the provisions of Section 19 hereof.

(f) Continuity of Rent. In the event of the partial or complete destruction of the Leased Premises, the Lessee's obligation to pay the Lease Payments shall be partially or fully abated in proportion to the percentage of the Leased Premises rendered unsafe or uninhabitable (in the Lessee's reasonable discretion) until the Leased Premises have been fully restored; provided that the Lessor shall receive during such period the proceeds, which shall not be less than the Base Rent set forth in Section 6 herein, of the insurance required under Section 10 hereof and any other insurance maintained by the Lessee as well as any other amounts from the Lessee necessary to pay the full Lease Payments set forth herein. In no event shall the Base Rent be less than that required to make payments on the Bonds and under the Related Financing Documents.

#### **Section 19. 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 Operating Lease, the Lessee shall have the right, to be exercised at the Lessee's option at any time during the term of this Operating Lease, to make alterations, improvements and additions in and to the Leased 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 Leased Premises, that the Lessee shall notify the Lessor of its intention to make such alterations, improvements or additions in writing prior to the commencement of any such work, and that the Lessee 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 Lessor as owner of the Leased 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) Rent Continues. During the period of such alteration and improvement, the Lessee shall continue to pay the Lease Payments pursuant to Section 6 of this Operating Lease and shall prevent any lien or obligation from being created against or imposed upon the Leased Premises. All liens or charges for services rendered or materials furnished shall be discharged or bonded promptly after receipt of notification thereof from the Lessor.



(c) **Significant Damage.** The provisions of this Section shall not apply in the event of significant damages to or destruction of the Leased Premises, except to the extent expressly set forth in Section 18 hereof. The provisions of Section 18 of this Operating Lease shall govern and control in the event of any damage to or destruction of the Leased Premises.

**Section 20. Liens.**

(a) **Notice to Discharge.** If the Lessee suffers or permits any mechanics' or other lien or order for the payment of money to be filed against the Leased Premises by reason of any change or alteration to the Leased Premises or any addition thereto or the cost or expense thereof, or any contract relating to the same, or against the Lessor as owner thereof as a result of or arising out of any labor or material furnished with respect to the Leased Premises, the Lessee shall, within thirty (30) days after notice to the Lessee of the filing thereof, cause the same to be canceled and discharged of record and shall further defend the Lessor, at the Lessee'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 Lessor from any liability, claim or damage resulting therefrom. Additionally, the Lessee shall pay the Lessor's reasonable attorneys' fees, if any, if the Lessee fails to comply with the foregoing.

(b) **Right to Contest.** The Lessee 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 Lessee shall conduct at its own expense, and free of any expense to the Lessor, and, if in the Lessee's opinion necessary, in the name of the Lessor), any such lien filed against the Leased Premises upon condition that, before instituting any such proceedings, if the contested items shall not have been paid, the Lessee shall furnish to the Lessor 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 Lessee shall not be deemed to be in default in the payment of such contested items. Alternatively, the Lessee 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 Lessee shall promptly pay all such items if at any time the Leased 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 Lessee 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 Lessee shall pay the amount finally levied against the Leased 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 Lessee and any such bond canceled and discharged, and if there shall be any refund with respect thereto, the Lessee shall be entitled to the same.

**Section 21. Inspection.** The Lessee shall permit the Lessor or the agents of the Lessor upon reasonable notice to enter upon the Leased Premises between the hours of 9:00 a.m. and 5:00 p.m. on business days to inspect the Leased Premises; provided, however, that the Lessor shall not unreasonably interfere with the Lessee's or its sublessees' use of the Leased Premises.

**Section 22. Quiet Enjoyment.** The Lessee, upon payment of the Base Rent and all sums herein reserved and upon the due performance of all terms, covenants and conditions and agreements herein contained on the Lessee's part to be kept and performed, shall and may at all times during the term hereof peaceably and quietly enjoy the Leased Premises. The foregoing is not in derogation of, but in addition to, the Lessee's right of quiet enjoyment and peaceful possession under law.

**Section 23. Option to Purchase.** The Lessee shall at any time have the right to purchase the leased Improvements and Personal Property, upon not less than sixty (60) days' notice in writing to the Lessor. The purchase price shall be equal to all sums payable under the Bonds, Indenture and other Related Financing Documents, which amount shall at a minimum equal that amount owing on the Bonds, any redemption premiums, all sums necessary to pay the expenses of the Trustee, paying agents, tender agent, and all other related costs including legal fees which are necessary to effect payment or redemption of the Bonds and payment of all obligations owed under a Related Financing Document. Upon such payment, each of the Master Ground Lease or Phase XI Ground Lease, as applicable, and this Operating Lease shall be terminated and the Lessee shall be granted full and unencumbered title to the Leased Premises.

**Section 24. 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 Operating Lease, and, except as provided in the immediately succeeding sentence, 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 Lessee shall fail to make (a) any payment in respect of Base Rent required under this Operating Lease as the same shall become due and payable or (b) any payment required to be made under this Operating Lease not described in clause (a) above and such failure to pay shall not be remedied within thirty (30) days from the date of written notice to the Lessee specifying such failure, the Lessee shall be in default hereunder. Subject to the limitation on termination in Section 5 hereof, this Operating Lease may be terminated at the option of the non-defaulting party upon giving written notice stating that this Operating Lease and the term hereby demised shall expire and terminate on the date specified in such notice (which shall be no earlier than five (5) days after receipt of such notice by the defaulting party), and upon the date specified in such notice, this Operating Lease and the term hereby demised, and all rights of the parties hereunder shall expire and terminate as if that date were the date fixed herein for the termination of the term of this Operating Lease; provided, however, that such termination shall not relieve the defaulting party from liability to the other party for damages as may be suffered by reason of its failure to perform in accordance with the terms hereof.

In the event of any default by the Lessee, the Lessor shall be entitled to cure such default and thereafter the Lessee shall indemnify, to the extent permitted by Florida law, the Lessor for all costs and expenses incurred thereby, and the Lessor 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 of interest in effect for a credit enhancement provider, if any.

If the Lessee abandons the Leased Premises or defaults, under circumstances where the Lessor may elect to terminate this Operating Lease (subject to Section 5), the Lessor may elect to terminate the Lessee's right to possession only. If the Lessor elects to terminate the Lessee's right to possession only, without terminating this Operating Lease, the Lessor may at the Lessor's option enter into the Leased Premises, remove the Lessee's property and other evidences of tenancy, and take and hold possession thereof using such force as may be necessary, without being deemed guilty of trespass, eviction or forcible entry or detainer, and without relinquishing the Lessor's rights to rent or any other right given to the Lessor hereunder or by operation of law. Except for the notice of default required above, the Lessee expressly waives the service of any demand for the payment of rent or for possession and the service of any notice of the Lessor's election to terminate this Operating Lease or to re-enter the Leased Premises, including any and every form of demand and notice prescribed by any statute or other law. Provided, however, such entry and possession shall not, unless the Lessor so elects, terminate this Operating Lease or release the Lessee, in whole or in part, from the Lessee's Lease Payment obligations hereunder for the full term, and in any such case the Lessee shall pay forthwith to the Lessor a sum equal to the entire amount of the Lease Payments reserved under the provision of Section 6 of this Operating Lease for the residue of the stated term plus any other sums then due hereunder. Upon and after entry into possession without termination of this Operating Lease, the Lessor may, but need not, relet the Leased Premises or any part thereof for the account of the Lessee to any person, firm or corporation other than the Lessee for such rent, for such time and upon such terms as the Lessor in the Lessor's sole discretion shall determine. The Lessor shall not be required to accept any tenant offered by the Lessee or to observe any instructions given by the Lessee about such reletting. In any such case, the Lessor may make repairs, alterations and additions in or to the Leased Premises, and redecorate the same to the extent deemed by the Lessor necessary or desirable, and the Lessee shall, upon demand, pay the cost thereof, together with the Lessor's expenses of the reletting. If the consideration collected by the Lessor upon any such reletting for the Lessee's account is not sufficient to pay annually the full amount of the Lease Payments reserved in this Operating Lease, together with the costs of repairs, alterations, additions, redecorating and the Lessor's expenses, the Lessee shall pay to Lessor the amount of each annual deficiency upon demand.

The Lessee shall pay upon demand all of the Lessor's costs, charges and expenses, including the fees of counsel, agents and other retained by the Lessor, incurred in enforcing the Lessee's obligations hereunder or incurred by the Lessor in any litigation, negotiation or transaction in which the Lessee causes the Lessor, without the Lessor's fault, to become involved or concerned.

**Section 25. Pledge of Revenues.** The obligation of the Lessee to make Lease Payments hereunder shall be limited to the Net Revenues and any other trust funds not otherwise obligated that are available for purposes of paying Lease Payment obligations hereunder in accordance with Florida law. The Lessee hereby pledges to the Lessor:

(a) the Housing System Revenues as security for payment of its Lease Payment obligations relating to the Bonds issued to finance capital improvements relating to the Housing System including: (i) Series 2003 Bonds; (ii) Series 2005A Bonds; (iii) Series 2007A Bonds; (iv) Series 2008A Bonds; (v) Series 2010A Bonds; (vi) Series 2010B Bonds; (vii) Series 2011A Bonds; (viii) any obligation under any of the Related Financing Documents relating to the Housing System; and (ix) any Additional Parity Obligations issued to finance capital improvements relating to the Housing System;

(b) the Parking System Revenues as security for payment of its Lease Payment obligations relating to the Bonds issued to finance capital improvements relating to the Parking System including: (i) Series 2005B Bonds; (ii) Series 2007C Bonds; (iii) Series 2009A Bonds; (iv) any obligation under any of the Related Financing Documents relating to the Parking System; and (v) any Additional Parity Obligations issued to finance capital improvements relating to the Parking System; and

(c) the Student Union Revenues as security for payment of its Lease Payment obligations relating to Bonds issued to finance capital improvements relating to the Student Union including: (i) Series 2007B Bonds; (ii) any obligation under any of the Related Financing Documents relating to the Student Union; and (iii) any Additional Parity Obligations issued to finance capital improvements relating to the Student Union.

The Lessee shall not issue any obligations in the future having a lien on any of the Net Revenues that is superior to the rights granted hereunder.

**Section 26. Rate Covenant.** The Lessee hereby agrees to charge each year, for each enterprise system within the Capital Project Facilities System (currently the Housing System and 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 Component and the Interest Component of the Base Rent due hereunder during such year with respect to the aggregate Outstanding Bonds, and any Additional Parity Obligations issued for each such enterprise system within the Capital Project Facilities System and for such Capital Project.

**Section 27. Security for the Bonds.** Notwithstanding any other provision in this Operating Lease, (i) amounts held in the Housing System Account (herein created and defined) may only be pledged to secure Bonds issued to finance capital improvements relating to the Housing System, (ii) amounts held in the Parking System Account (herein created and defined) may only be pledged to secure Bonds issued to finance capital improvements relating to the Parking System, and (iii) amounts held in the Student Union Account (herein created and defined) may only be pledged to secure Bonds issued to finance capital improvements relating to the Student Union.

Separate accounts shall be created within the Revenue Fund for (i) revenues of the Housing System; (ii) revenues of the Parking System and (iii) Student Union Revenues.

**Section 28. Parity Debt.** The Lessee shall not incur any other obligations, except under the conditions and in the manner provided herein, payable from the Net 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 Operating Lease upon the Net Revenues. Any other obligations incurred by the Lessee in addition to the obligations herein authorized or Additional Parity Obligations provided for below, payable from such Net Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the pledge of Net Revenues to secure the Lease Payments under this Operating Lease, as to lien on and source and security for payment from such Net Revenues.

Additional Parity Obligations, payable from the Net Revenues on a parity with Lease Payment obligations presently required under this Operating Lease, may be incurred for the construction and acquisition of additions, extensions and improvements to a Capital Project or for refunding purposes only upon the conditions and in the manner herein provided:

(a) Certificates shall be executed by the Lessee or other appropriate State official setting forth:

(i) if such Additional Parity Obligations will be payable from Housing System Revenues:

(1) the average amount of Housing System Revenues reasonably expected from the two Fiscal Years immediately following any acquisition, construction, renovation, or replacement of any capital assets or improvements financed with the proceeds of such Additional Parity Obligations taking into account the revenues of the Capital Project financed by such Additional Parity Obligations; and

(2) the Maximum Annual Debt Service on the Housing System Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued;

(ii) if such Additional Parity Obligations will be payable from Parking System Revenues:

(1) the average amount of Parking System Revenues reasonably expected from the two Fiscal Years immediately following any acquisition, construction, renovation, or replacement of any capital assets or improvements financed with the proceeds of such Additional Parity Obligations taking into account the revenues of the Capital Project financed by such Additional Parity Obligations; and

(2) the Maximum Annual Debt Service on the Parking System Bonds then Outstanding and the Additional Parity Obligations then proposed to be issued; and

(iii) if such Additional Parity Obligations will be payable from Student Union Revenues:

(1) the average amount of Student Union Revenues reasonably expected from the two Fiscal Years immediately following any acquisition, construction, renovation, or replacement of any capital assets or improvements financed with the proceeds of such Additional Parity Obligations taking into account the revenues of the Capital Project financed by such Additional Parity Obligations; and

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

(b) The Lessee must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by it under the provisions of this Operating Lease and the Lessee and the University must be currently in compliance with the covenants and provisions of this Operating Lease and any supplemental lease hereafter adopted for the issuance of Additional Parity Obligations, or upon the issuance of such Additional Parity Obligations, the Lessee will be brought into compliance with all such covenants and provisions.

(c) (i) If such Additional Parity Obligations are to be payable from Housing System Revenues, the average amount of Housing System Revenues for the two immediately succeeding Fiscal Years, as certified by the Lessee or other appropriate State official pursuant to (a)(i) above, will be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on (1) the Housing System Bonds then Outstanding, and (2) Additional Parity Obligations then proposed to be issued;

(ii) If such Additional Parity Obligations are to be payable from Parking System Revenues, the average amount of Parking System Revenues for the two immediately succeeding Fiscal Years, as certified by the Lessee or other appropriate State official pursuant to (a)(i) above, will be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on (1) the Parking System Bonds then Outstanding, and (2) Additional Parity Obligations then proposed to be issued; and

(iii) If such Additional Parity Obligations are to be payable from Student Union Revenues, the average amount of Student Union Revenues for the two immediately succeeding Fiscal Years, as certified by the Lessee or other appropriate State official pursuant to (a)(i) above, will be at least equal to one hundred twenty percent (120%) of the Maximum Annual Debt Service on (1) the Student Union Bonds then Outstanding, and (2) Additional Parity Obligations then proposed to be issued.

In addition, the Lessee may issue or incur obligations secured by or payable out of Net Revenues on a *pari passu* basis with the Lease Payment obligations of the Lessee under this Operating Lease only if and to the extent that (a) the Operating Lease is not in default and the issuance of such additional obligations would not cause the Operating Lease to be in default and (b) after giving effect to such parity debt obligations, the Lessor would have the ability to issue

Additional Parity Obligations in like amount of Additional Bonds under the terms of the Indenture.

Notwithstanding the foregoing, Additional Parity Obligations 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 29. Annual Budget.** The Lessee and the Lessor shall annually prepare and adopt, at least fifteen (15) days prior to the beginning of each Fiscal Year, a detailed budget of the estimated expenditures for operation and maintenance of the Capital Project Facilities System and the Student Union Addition during such next succeeding Fiscal Year. No expenditure for the operation and maintenance of the Capital Project Facilities System or the Student Union Addition shall be made in any Fiscal Year in excess of the amount provided therefor in such budget without a finding and recommendation of the Lessee, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the Capital Project Facilities System or the Student Union Addition, and no such expenditure shall be made until the Lessor shall have approved such finding and recommendation.

**Section 30. Application of Capital Project Facilities System Revenues and Student Union Revenues.** Upon receipt thereof, the Lessee shall transfer all of the Gross Revenues to the Lessor. The Lessor shall maintain or cause to be maintained, for the purposes stated herein, the following funds hereby established and created, each on a parity with each other:

Revenue Fund;

Separate accounts entitled:

"Housing System Account," "Parking System Account" and "Student Union

Account" shall be created in the Revenue Fund;

Operation and Maintenance Fund (Plant Fund); and

Debt Service Fund.

The Revenue Fund, the Housing System Account, the Parking System Account, the Student Union Account, the Operation and Maintenance Fund, the Debt Service Fund, and any other special funds or accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds.

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

The cash required to be accounted for in each of the foregoing funds and 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 funds and accounts as herein provided.

Moneys on deposit in the Revenue Fund 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 Lessor not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund.

The Lessor shall deposit the Gross Revenues or shall cause the Gross Revenues to be deposited, upon receipt thereof, in the Revenue Fund. Such amounts in the Revenue Fund shall be held in the "Housing System Account," the "Parking System Account," and the "Student Union Account" segregated within the Revenue Fund and such accounts shall be funded by the Housing System gross revenues, Parking System gross revenues, and Student Union Revenues, respectively. Such funds shall be applied by the Lessor in each Fiscal Year, only in the following manner and in the following order of priority:

(1) The Lessor shall pay or cause to be paid, as the same shall become due, from the respective Accounts in the Revenue Fund, all Costs of Operation and Maintenance of the Capital Project Facilities System (into separate subaccounts for the Housing System and the Parking System) and the Student Union Addition for the current Fiscal Year as set forth in the Annual Budget.

(2) Next, there shall be deposited from the respective Accounts in the Revenue Fund, into the Debt Service Fund (a) those amounts that are estimated as being required to pay the interest due on the Bonds and any Additional Parity Obligations for the current Fiscal Year and (b) those amounts that are required to pay the principal or purchase price corresponding to the principal due on the Bonds and any Additional Parity Obligations and any other amounts payable under other Related Financing Documents for the current Fiscal Year. Moneys from the Debt Service Fund shall be deposited into the sinking funds established under Section 5.02(a) of the Indenture and applied as set forth in Section 5.02(b) of the Indenture. Solely for the avoidance of doubt, moneys deposited from the Debt Service Fund into the (i) Housing System Sinking Fund under the Indenture shall consist solely of Housing System Revenues, (ii) Parking System Sinking Fund under the Indenture shall consist solely of Parking System Revenues and (iii) Student Union Sinking Fund under the Indenture shall consist solely of Student Union Revenues.

All such payments, as provided above, shall additionally include an amount sufficient to pay all fees and charges incurred during each Fiscal Year in connection with the issuance of the Bonds, the security therefor and the continued payment thereof, all as provided in the Related Financing Documents. 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 Fund out of proceeds from the sale of the Bonds (or Additional Parity Obligations) to pay interest on the Bonds (or Additional Parity Obligations).

(3) Next, the Lessor shall deposit or cause to be deposited into the Operation and Maintenance Fund such sums as shall be earmarked for such purpose in the Annual Budget and such additional sums as set forth in the Related Financing Documents, particularly as set forth in a Credit Facility Agreement.

(4) The Lessor shall next apply the balance of the Revenue Fund to any lawful University purpose.

**Section 31. Subordination.** All of the rights of the Lessee hereunder are and shall be subject and subordinate to the lien of any mortgage or mortgages hereinafter placed on the Lessor's interest in the Master Ground Lease or the Phase XI Ground Lease or any part thereof, and to any and all renewals, modifications, consolidations, replacements or substitutions of any such mortgage or mortgages. Such subordination shall be automatic without the execution of any further subordination agreement by the Lessee. If, however, a written subordination agreement consistent with this provision is required by a mortgagee, the Lessee agrees to execute, acknowledge and deliver the same. The Lessee agrees to attorn to any such mortgagee.

**Section 32. Supply of Services.** The Lessor shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Leased Premises. Except as otherwise provided in Section 15 of this Operating Lease, the Lessee hereby assumes full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Premises and warrants to maintain the Leased Premises in an operative condition for the purposes for which they were intended.

**Section 33. Modification.** None of the covenants, terms, agreements or conditions of this Operating Lease 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 34. Invalidity of Particular Provision.** If any term or provision of this Operating Lease 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 Operating Lease, 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 Operating Lease shall be valid and be enforced to the fullest extent permitted by law.

**Section 35. Waivers.** Either party to this Operating Lease may, by written notice to the other party hereto, waive any provision of this Operating Lease. No waiver by any party hereto of a breach of any provision of this Operating Lease shall operate or be construed as a waiver of any subsequent breach.

## Section 36. Miscellaneous.

(a) **Obligations Limited.** The Lessee's obligation to make payments under this Operating Lease does not constitute a debt, liability or obligation of the Lessee (except to the extent provided in Section 25), 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 Lessee 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 Operating Lease except from the revenues pledged for the payment thereof, in the manner and on the conditions contained herein. Neither the Bonds nor this Operating Lease 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 Operating Lease 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 Operating Lease 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 Lessee from the prompt payment of any rental or other charge required of the Lessee.

(d) **Time.** Time is of the essence in every particular of this Operating Lease, 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 Lessor or the Lessee 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 Lessor:

Florida Gulf Coast University Financing Corporation  
10501 FGCU Boulevard South  
Ft. Myers, Florida 33965-6565  
Attention: Executive Director

If to the Lessee:

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

**CONFIRM NOTICE ADDRESSES FOR BANKS, BOND INSURER AND STING**

if to the Credit Facility Provider for the Series 2007B Bonds, Series 2008A Bonds and Series 2009A Bonds:

BMO Harris Bank N.A.  
c/o 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

with a copy to:

BMO Harris Bank N.A.  
111 West Monroe Street, 2 West  
Chicago, Illinois 60603  
Attention: Joseph Derezinski

if to the Bond Insurer for the Series 2003 Bonds, Series 2007A Bonds and Series 2007C Bonds:

National Public Finance Guarantee Corporation  
113 King Street  
Armonk, New York 10504  
Attn: Insured Portfolio Management

if to STING for the Series 2005A Bonds and Series 2005B Bonds:

STI Institutional & Government, Inc.  
1777 Main Street, 6<sup>th</sup> Floor  
Sarasota, Florida 34236  
Telecopy No.: (941) 951-3244  
Telephone No.: (941) 951-3005  
Attention: Joshua A. McCoy, Vice President

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 Master Ground Lease and the Phase XI Ground Lease, this Operating Lease contains the entire agreement between the

Lessor and the Lessee with respect to the subject matter of this Operating Lease; 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 Operating Lease; 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 lessor and lessee. The Operating Lease shall benefit and bind the parties hereto and their successors and assigns and shall benefit a credit enhancement provider, if any.

(h) Headings. The Section headings contained in this Operating Lease are for reference purposes only and shall not affect in any way the meaning or interpretation of this Operating Lease.

[Signatures Follow]

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Operating Lease to be executed, in duplicate, either of which may be considered an original, the day and year first above written.

LESSOR:

FLORIDA GULF COAST UNIVERSITY  
FINANCING CORPORATION

By: Curtis D. Bullock  
Curtis D. Bullock  
Its: Executive Director

WITNESSES AS TO LESSOR:

Lorraine Barney-Mayo  
Print Name: LORRAINE BARNEY-MAYO

Barbara E. Stewart  
Print Name: Barbara E. Stewart

STATE OF FLORIDA

COUNTY OF LEE

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by Curtis D. Bullock, as Executive Director of the Florida Gulf Coast University Financing Corporation. Such person did not take an oath and: (notary must check applicable box)

☒ is/are personally known to me; or  
☐ produced a current \_\_\_\_\_ driver's license as identification; or  
☐ produced \_\_\_\_\_ as identification.

NOTARY PUBLIC

(SEAL) NOTARY PUBLIC-STATE OF FLORIDA  
Rebecca Ann Heins  
Commission # EE083657  
Expires: MAY 01, 2015  
BONDED THRU ATLANTIC BONDING CO., INC.

Rebecca Ann Heins  
Print Name: Rebecca Ann Heins

[Signatures Continued on Following Page]

[Signature Page to Operating Lease]

[Signatures Continued on Following Page]

LESSEE:

THE FLORIDA GULF COAST  
UNIVERSITY BOARD OF TRUSTEES,  
acting for and on behalf of FLORIDA  
GULF COAST UNIVERSITY

By: Wilson G. Bradshaw  
Wilson G. Bradshaw  
Its: Corporate Secretary  
of the University Board

WITNESSES AS TO LESSEE:

Mary Reed Mary Reed  
Print Name:

Veronica A. Forsyth  
Print Name: Veronica A. Forsyth

STATE OF FLORIDA

COUNTY OF LEE

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by Wilson G. Bradshaw, as Corporate Secretary of The Florida Gulf Coast University Board of Trustees. Such person did not take an oath and: (notary must check applicable box)

☒ is/are personally known to me; or  
☐ produced a current \_\_\_\_\_ driver's license as identification; or  
☐ produced \_\_\_\_\_ as identification.

NOTARY PUBLIC

(SEAL) NOTARY PUBLIC-STATE OF FLORIDA  
Rebecca Ann Heins  
Commission # EE083657  
Expires: MAY 01, 2015  
BONDED THRU ATLANTIC BONDING CO., INC.

Rebecca Ann Heins  
Print Name: Rebecca Ann Heins

[Signature Page to Operating Lease]

**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 Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013.

**NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION**

By:   
 Its: Managing Director

[Signature Page to Operating Lease]

**CONSENT OF CREDIT FACILITY PROVIDER**

BMO Harris Bank N.A., as Credit Facility Provider with respect to the Series 2007B, Series 2008A and, as successor to Harris, N.A. as Credit Facility Provider with respect to the Series 2009A Bonds, and on behalf of the Owners of the Series 2007B, Series 2008A and Series 2009A Bonds, as provided in Section 7.25 of the Indenture does hereby consent to all of the terms of this Ninth Amended and Restated Master Capital Projects Operating Lease.

**BMO HARRIS BANK N.A.**

By:   
 Its: SALVUS PRFS

[Signature Page to Operating Lease]



### 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 Ninth Amended and Restated Master Capital Projects Operating Lease.

STI INSTITUTIONAL & GOVERNMENT,  
INC.

By:

  
Joshua A. McCoy  
Vice President

### EXHIBIT "A"

#### DESCRIPTION OF THE PROPERTY

##### PARCEL "A" - Capital Projects – Housing - Phases I-VI

A PARCEL OF LAND LYING IN SECTION 14, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST ONE QUARTER CORNER OF SECTION 14, TOWNSHIP 46 SOUTH, RANGE 25 EAST; THENCE N88°41'31"W, A DISTANCE OF 354.67 FEET; THENCE S14°12'35"E, A DISTANCE OF 1,348.50 FEET; THENCE N88°27'56"E, A DISTANCE OF 2,891.84 FEET; THENCE N47°45'12"E, A DISTANCE OF 1,504.15 FEET; THENCE N01°42'48"W, A DISTANCE OF 306.16 FEET; THENCE N88°17'12"E, A DISTANCE OF 927.78 FEET, TO THE POINT OF BEGINNING; THENCE CONTINUE N88°17'12"E, A DISTANCE OF 100.00 FEET; THENCE N03°10'23"W, A DISTANCE OF 430.68 FEET; THENCE N89°01'42"E, A DISTANCE OF 450.44 FEET; THENCE S00°58'18"E, A DISTANCE OF 320.18 FEET; THENCE N88°44'00"E, A DISTANCE OF 1,787.18 FEET; THENCE S01°16'00"E, A DISTANCE OF 752.01 FEET; THENCE S59°05'40"W, A DISTANCE OF 480.98 FEET; THENCE N75°05'46"W, A DISTANCE OF 947.65 FEET; THENCE S65°52'39"W, A DISTANCE OF 487.08 FEET; THENCE N45°32'55"W, A DISTANCE OF 777.21 FEET; THENCE N01°42'48"W, A DISTANCE OF 250.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 45.72 ACRES MORE OR LESS.

##### PARCEL "B" - Capital Projects – Housing – Phase VII and Phase IX

A TRACT OR PARCEL OF LAND LYING IN SECTION 13, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA, AND LYING WITHIN THE BOUNDARY OF FLORIDA GULF COAST UNIVERSITY, SAID TRACT OR PARCEL BEING DESCRIBED AS FOLLOWS:

FROM THE NORTHWEST CORNER OF LANDS DESCRIBED IN OFFICIAL RECORD BOOK 2497 AT PAGE 1564 OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA RUN THE FOLLOWING EIGHT (8) COURSES ALONG THE NORTHERLY LINE OF SAID LANDS: N 88°27'56"E FOR A DISTANCE OF 1,930.23 FEET; N 47°45'12"E FOR A DISTANCE OF 1,504.15 FEET; N 01°42'48"W FOR A DISTANCE OF 306.16 FEET; N 88°17'12"E FOR A DISTANCE OF 1,027.78 FEET; N 03°10'23"W FOR A DISTANCE OF 430.68 FEET; N 89°01'42"E FOR A DISTANCE OF 450.44 FEET; S 00°58'18"E FOR A DISTANCE OF 320.18 FEET; N 88°44'00"E FOR A DISTANCE OF 1,795.61 FEET TO THE POINT OF BEGINNING.

[Signature Page to Operating Lease]

FROM SAID POINT OF BEGINNING CONTINUE N 88°44'00"E FOR A DISTANCE OF 585.87 FEET; THENCE RUN S 00°00'00" W FOR A DISTANCE OF 405.56 FEET; THENCE RUN S 45°00'00" W FOR A DISTANCE OF 19.71 FEET; THENCE RUN N 90°00'00" W FOR A DISTANCE OF 84.87 FEET TO A POINT OF CURVATURE; THENCE RUN WESTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 100.00 FEET (DELTA 25°32'53") (CHORD BEARING N 77°13'34"W) (CHORD 44.22 FEET), FOR A DISTANCE OF 44.59 FEET TO A POINT OF REVERSE CURVATURE; THENCE RUN WESTERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 100.00 FEET (DELTA 25°32'53") (CHORD BEARING N 77°13'34"W) (CHORD 44.22 FEET), FOR A DISTANCE OF 44.59 FEET; THENCE RUN S 90°00'00" W FOR A DISTANCE OF 398.69 FEET; THENCE RUN N 45°00'00" W FOR A DISTANCE OF 2.80 FEET; THENCE RUN N 00°00'00" E FOR A DISTANCE OF 385.01 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINING 233,142 SQUARE FEET OR 5.35 ACRES, MORE OR LESS.

BEARINGS HEREIN ABOVE MENTIONED ARE BASED ON STATE PLANE COORDINATES FOR THE FLORIDA WEST ZONE (83/90 ADJUSTMENT) WHEREAS THE NORTHERLY LINE OF LANDS DESCRIBED IN SAID OFFICIAL RECORD BOOK 2497 AT PAGE 1564 BEARS N 88°44'00"E.

**PARCEL "C"** - Capital Projects - Parking Garage I

A TRACT OR PARCEL OF LAND LOCATED AT FLORIDA GULF COAST UNIVERSITY LYING IN SECTION 13, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA, WHICH TRACT OR PARCEL IS DESCRIBED AS FOLLOWS:

FROM THE NORTHEAST CORNER OF LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORD BOOK 2491 AT PAGE 1594, PUBLIC RECORDS OF LEE COUNTY, FLORIDA RUN S88°44'00"W ALONG THE NORTH LINE OF SAID LANDS FOR 2,591.04 FEET; THENCE DEPARTING SAID NORTH LINE RUN S01°16'00"E FOR 2,126.24 FEET TO THE POINT OF BEGINNING.

FROM SAID POINT OF BEGINNING RUN S07°43'54"W FOR 116.04 FEET; THENCE RUN N82°16'06"W FOR 257.67 FEET; THENCE RUN N07°43'54"E FOR 116.04 FEET; THENCE RUN S82°16'06"E FOR 257.67 FEET TO THE POINT OF BEGINNING.

CONTAINING 29,900 SQUARE FEET (0.69 ACRES), MORE OR LESS.

BEARINGS HEREIN ABOVE MENTIONED ARE BASED ON THE NORTH LINE OF FLORIDA GULF COAST UNIVERSITY AS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORD BOOK 2497 AT PAGE 1564, PUBLIC RECORDS OF LEE COUNTY, FLORIDA TO BEAR S88°44'00"W.

**PARCEL "D"** - Capital Projects - Housing - Phases VIII, X, XII, XIII and Future Housing Phases

ALL THAT PART OF SECTION 24, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE WEST 1/4 CORNER OF SECTION 14, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA; THENCE N 88°41'31" W 354.67 FEET; THENCE S 14°12'35" E 1,348.50 FEET; THENCE N 88°27'56" E 961.61 FEET; THENCE N 88°27'56" E 1,930.23 FEET; THENCE N 47°45'12" E 1,504.15 FEET; THENCE N 01°42'48" W 306.16 FEET; THENCE N 88°17'12" E 1,027.78 FEET; THENCE N 03°10'23" W 430.68 FEET; THENCE N 89°01'42" E 450.44 FEET; THENCE S 00°58'18" E 320.18 FEET; THENCE N 88°44'00" E 3,706.20 FEET; THENCE S 19°49'36" W 1,336.16 FEET; THENCE S 02°55'16" E 211.28 FEET; THENCE S 75°24'23" W 644.69 FEET; THENCE S 01°12'51" E 1,175.90 FEET; THENCE S 40°23'38" W 337.56 FEET; THENCE N 88°17'12" E 202.99 FEET TO THE POINT OF BEGINNING OF THE PARCEL OF LAND HEREIN DESCRIBED; THENCE N 88°17'12" E 363.83 FEET; THENCE S 41°03'57" E 465.55 FEET; THENCE S 02°13'31" E 339.07 FEET; THENCE S 21°20'50" W 1,025.84 FEET; THENCE S 62°11'53" W 2,704.19 FEET; THENCE N 31°47'37" W 338.71 FEET; THENCE N 32°03'28" E 22.84 FEET; THENCE N 79°13'22" E 66.96 FEET; THENCE N 23°49'51" E 59.57 FEET; THENCE N 52°43'36" E 53.47 FEET; THENCE N 27°33'42" E 52.32 FEET; THENCE N 22°45'21" E 48.99 FEET; THENCE N 67°34'38" W 95.06 FEET; THENCE N 21°54'39" E 124.25 FEET; THENCE N 29°26'23" W 43.58 FEET; THENCE N 61°56'47" E 72.91 FEET; THENCE S 85°20'19" E 61.18 FEET; THENCE S 51°03'34" E 19.12 FEET; THENCE N 41°56'30" E 82.68 FEET; THENCE N 13°24'31" E 37.01 FEET; THENCE N 00°05'37" E 78.92 FEET; THENCE N 43°40'42" E 70.05 FEET; THENCE N 28°02'15" E 48.62 FEET; THENCE N 02°10'45" E 55.64 FEET; THENCE N 44°59'01" E 79.17 FEET; THENCE N 68°30'58" E 69.67 FEET; THENCE N 54°46'50" E 15.19 FEET; THENCE N 04°22'03" E 88.26 FEET; THENCE N 20°03'18" E 153.39 FEET; THENCE N 58°58'56" E 568.50 FEET; THENCE N 54°16'58" E 290.51 FEET; THENCE N 86°43'31" E 243.11 FEET; THENCE N 58°31'59" E 291.17 FEET; THENCE N 29°13'05" E 338.35 FEET; THENCE N 45°20'18" E 245.58 FEET; THENCE N 14°08'36" E 408.36 FEET TO THE POINT OF BEGINNING OF THE PARCEL OF LAND HEREIN DESCRIBED, CONTAINING 76,410 ACRES, MORE OR LESS.

**PARCEL "E"** - Capital Projects - Student Union Addition

A TRACT OR PARCEL OF LAND LYING IN SECTION 13, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION FORMED BY THE CENTERLINE OF FGCU LAKE PARKWAY WEST AND FGCU BOULEVARD NORTH, SAID POINT BEING THE BEGINNING OF A CURVE TO THE RIGHT, OF WHICH THE RADIUS POINT LIES S 23° 19' 25" W A RADIAL DISTANCE OF 1,169.84 FEET, THENCE RUN SOUTHEASTERLY ALONG THE CURVED CENTERLINE OF SAID FGCU

BOULEVARD NORTH (DELTA 01° 41' 08") (CHORD BEARING S 65° 50' 01" E) (CHORD 34.41 FEET) A DISTANCE OF 34.42 FEET TO A POINT; THENCE DEPARTING SAID CENTERLINE RUN S 24° 58' 44" W FOR A DISTANCE OF 50.00 FEET TO AN INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF SAID FGCU BOULEVARD NORTH AND THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING RUN ALONG SAID RIGHT OF WAY S 65° 01' 16" E FOR A DISTANCE OF 379.66 FEET TO A POINT; THENCE DEPARTING SAID RIGHT OF WAY RUN S 24° 00' 05" W FOR A DISTANCE OF 208.35 FEET TO A POINT; THENCE RUN S 30° 26' 06" E FOR A DISTANCE OF 46.13 FEET TO AN INTERSECTION WITH THE NORTHWESTERLY LINE OF LAKE 14A; THENCE RUN S 61° 57' 30" W FOR A DISTANCE OF 6.56 FEET AND AN INTERSECTION WITH A NON-TANGENT CURVE; THENCE RUN THE FOLLOWING COURSES ALONG THE NORTHWESTERLY LINE OF LAKE 14A: SOUTHWESTERLY ALONG AN ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.03 FEET (DELTA 00° 45' 24") (CHORD BEARING S 62° 17' 55" W) (CHORD 0.33 FEET) FOR A DISTANCE OF 0.33 FEET TO A POINT; THENCE RUN S 62° 42' 38" W FOR A DISTANCE OF 98.52 FEET TO THE BEGINNING OF A NON-TANGENT CURVE; THENCE RUN SOUTHWESTERLY ALONG AN ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.01 FEET (DELTA 04° 48' 43") (CHORD BEARING S 65° 06' 45" W) (CHORD 2.10 FEET) FOR A DISTANCE OF 2.10 FEET TO A POINT; THENCE RUN S 67° 31' 20" W FOR A DISTANCE OF 86.25 FEET TO THE BEGINNING OF A NON-TANGENT CURVE; THENCE RUN SOUTHWESTERLY ALONG AN ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 25.00 FEET (DELTA 05° 02' 48") (CHORD BEARING S 65° 00' 17" W) (CHORD 2.20 FEET) FOR A DISTANCE OF 2.20 FEET TO A POINT; THENCE RUN S 62° 28' 35" W FOR A DISTANCE OF 26.75 FEET TO A POINT; THENCE DEPARTING SAID NORTHWESTERLY LAKE LINE RUN N 23° 40' 46" W FOR A DISTANCE OF 239.26 FEET TO A POINT; THENCE RUN N 84° 35' 59" W FOR A DISTANCE OF 93.10 FEET TO A POINT; THENCE RUN N 22° 30' 42" E FOR A DISTANCE OF 279.41 FEET TO THE POINT OF BEGINNING. PARCEL CONTAINS 120,457 SQUARE FEET OR 2.77 ACRES, MORE OR LESS.

BEARINGS SHOWN HEREON ARE BASED ON THE CENTERLINE OF FGCU BOULEVARD NORTH HAVING A BEARING OF S 65° 01' 16" E.

**PARCEL "F"** Capital Projects – Parking – Phase II

A TRACT OR PARCEL OF LAND LYING IN SECTION 24, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA AND LYING WITHIN THE BOUNDARY OF FLORIDA GULF COAST UNIVERSITY, SAID TRACT OR PARCEL BEING DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHERLY MOST CORNER OF LANDS DESCRIBED IN OFFICIAL RECORD BOOK 2497 AT PAGE 1564 OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA THENCE RUN N20° 54' 01" W FOR A DISTANCE OF 1,415.04 FEET TO THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING RUN N77° 42' 19" W FOR A DISTANCE OF 21.00 FEET TO A POINT; THENCE RUN N12° 17' 41" E FOR A DISTANCE OF 9.17 FEET TO A POINT; THENCE RUN N77° 42' 19" W FOR A DISTANCE OF 317.00 FEET TO A POINT; THENCE RUN N12° 17' 41" E FOR A DISTANCE OF 182.33 FEET TO A POINT; THENCE RUN N77° 42' 19" W FOR A DISTANCE OF 9.17 FEET TO A POINT; THENCE RUN N12° 17' 41" E FOR A DISTANCE OF 9.83 FEET TO A

A-4

POINT; THENCE RUN S77° 42' 19" E FOR A DISTANCE OF 21.00 FEET TO A POINT; THENCE RUN S12° 17' 41" W FOR A DISTANCE OF 1.58 FEET TO A POINT; THENCE RUN S77° 42' 19" E FOR A DISTANCE OF 31.17 FEET TO A POINT; THENCE RUN S12° 17' 41" W FOR A DISTANCE OF 7.58 FEET TO A POINT; THENCE RUN S77° 42' 19" E FOR A DISTANCE OF 295.00 FEET TO A POINT; THENCE RUN S12° 17' 41" W FOR A DISTANCE OF 192.17 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 62,481 SQUARE FEET OR 1.434 ACRES, MORE OR LESS.

BEARINGS HEREIN ABOVE MENTIONED ARE BASED ON STATE PLANE COORDINATES FOR THE FLORIDA WEST ZONE (83/90 ADJUSTMENT) WHEREAS THE SOUTHEASTERLY LINE OF LANDS DESCRIBED IN SAID OFFICIAL RECORD BOOK 2497 AT PAGE 1564 BEARS S62° 11' 53" W.

**PARCEL "G"** Capital Projects – Parking – Phase III

A TRACT OR PARCEL OF LAND LYING IN SECTIONS 13 AND 14, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERLY MOST CORNER OF A PARCEL OF LAND DESCRIBED IN OFFICIAL RECORD BOOK 2497, PAGE 1564, IN THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, THENCE RUN N 08° 55' 29" W FOR 3,933.81 FEET TO THE POINT OF BEGINNING. FROM SAID POINT OF BEGINNING RUN N 90° 00' 00" W FOR 241.05 FEET; THENCE RUN N 26° 28' 59" W FOR 75.59 FEET; THENCE RUN S 75° 22' 46" W FOR 38.33 FEET; THENCE RUN N 53° 39' 16" W FOR 48.11 FEET; THENCE RUN S 55° 20' 24" W FOR 61.61 FEET; THENCE RUN S 68° 15' 55" W FOR 108.29 FEET; THENCE RUN N 87° 26' 33" W FOR 97.92 FEET; THENCE RUN N 84° 42' 24" W FOR 96.27 FEET; THENCE RUN N 19° 22' 45" W FOR 64.49 FEET; THENCE RUN S 86° 33' 35" W FOR 68.00 FEET; THENCE RUN S 54° 20' 08" W FOR 93.63 FEET; THENCE RUN S 21° 49' 50" W FOR 35.12 FEET; THENCE RUN N 32° 53' 30" W FOR 59.87 FEET; THENCE RUN N 51° 50' 16" E FOR 31.64 FEET; THENCE RUN N 32° 53' 30" W FOR 183.23 FEET TO AN INTERSECTION WITH A NON-TANGENT CURVE; THENCE RUN EASTERLY ALONG AN ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 1,175.84 FEET (DELTA 36° 43' 03") (CHORD BEARING N 75° 53' 57" E) (CHORD 740.70 FEET) FOR 753.52 FEET TO AN INTERSECTION WITH A NON-TANGENT LINE; THENCE RUN S 65° 21' 38" E FOR 67.36 FEET TO AN INTERSECTION WITH A NON-TANGENT CURVE; THENCE RUN EASTERLY ALONG AN ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 1,230.35 FEET (DELTA 17° 58' 07") (CHORD BEARING S 73° 01' 57" E) (CHORD 384.27 FEET) FOR 385.85 FEET TO AN INTERSECTION WITH A NON-TANGENT LINE; THENCE RUN S 25° 51' 26" W FOR 55.19 FEET; THENCE RUN N 66° 46' 36" W FOR 64.17 FEET; THENCE RUN S 19° 33' 17" W FOR 248.03 FEET TO THE POINT OF BEGINNING. CONTAINING 324,975 SQUARE FEET OR 7.46 ACRES, MORE OR LESS.

A-5

BEARINGS HEREINABOVE MENTIONED ARE STATE PLANE COORDINATE FOR THE WEST ZONE OF FLORIDA (1983/90 ADJUSTMENT) AND ARE BASED ON THE SOUTHERLY LINE OF A PARCEL OF LAND DESCRIBED IN OFFICIAL RECORD BOOK 2497, PAGE 1564, IN THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, AS BEARING N 62° 11' 53" E.

**PARCEL "H"**

Capital Projects – Housing Acquisition -- Phase XI

A PART OF SECTION 11, TOWNSHIP 46 SOUTH, RANGE 25 EAST, LEE COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 11; THENCE ALONG THE NORTH LINE OF SAID SECTION 11, S.89°42'24"E., 1844.61 FEET; THENCE S.01°01'21"W., 50.00 FEET TO THE INTERSECTION OF THE SOUTH RIGHT-OF-WAY LINE OF ALICO ROAD AND THE WEST RIGHT-OF-WAY LINE OF BEN HILL GRIFFIN PARKWAY; THENCE CONTINUE ON SAID WEST RIGHT-OF-WAY LINE OF BEN HILL GRIFFIN PARKWAY, S.01°01'21"W., 968.81 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY 2999.56 FEET ALONG THE ARC OF A CIRCULAR CURVE CONCAVE TO THE WEST, HAVING FOR ITS ELEMENTS A RADIUS OF 9925.00 FEET, A CENTRAL ANGLE OF 17°18'58", SUBTENDED BY A CHORD WHICH BEARS 09°40'50"W., 2988.16 FEET TO THE POINT OF BEGINNING; THENCE ALONG THE ARC OF A CIRCULAR CURVE CONCAVE TO THE WEST HAVING FOR ITS ELEMENTS A RADIUS OF 9,925.00 FEET, A CENTRAL ANGLE OF 01°52'30", A CHORD DISTANCE OF 324.78 FEET, A CHORD BEARING OF S.19°16'34"W., AN ARC DISTANCE OF 324.79 FEET; THENCE S.20°12'49"W., 473.55 FEET; THENCE N.74°31'06"W., 209.92 FEET; THENCE N.85°27'53"W., 290.16 FEET; THENCE N.08°36'46"E., 143.23 FEET; THENCE N.34°55'46"W., 78.72 FEET; THENCE N.54°52'02"W., 13.46 FEET; THENCE S.84°08'05"W., 239.76 FEET; THENCE N.06°09'10"W., 219.35 FEET; THENCE N.15°37'03"E., 310.12 FEET; THENCE N.15°00'20"E., 225.58 FEET; THENCE S.74°37'57"E., 951.16 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 16.004 ACRES, MORE OR LESS.

**EXHIBIT "B"**

**DESCRIPTION OF EXISTING IMPROVEMENTS AND CAPITAL PROJECTS**

**HOUSING SYSTEM**

PHASE I

The Phase I improvements are composed of a facility containing approximately 250 bed spaces in apartment style units. Each unit contains full kitchen facilities, living room, lavatory and bath facilities, study areas, and appropriate personal storage areas. The Phase I improvements is a multi-story facility using masonry exterior walls, stucco exterior, and poured slab floors. The construction is compliant with Board of Regents Cost Containment Guidelines, all applicable codes and regulations, and other such construction guidelines as appropriate. The Phase I improvements contain laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications, utilities, infrastructure and other such items as deemed appropriate for proper operation of a university housing facility.

PHASE II, PHASE III, PHASE IV AND PHASE V

The Phase II - V improvements are each composed of a facility containing six (6) three-(3)-story buildings which house 280 single-bed spaces in apartment-style units. Each unit contains full kitchen facilities, living room, lavatory and bath facilities, study areas and appropriate personal storage areas. The Phase II - V improvements are each a multi-story facility using masonry exterior walls, stucco exterior, and poured slab floors. The Phase II - V improvements are compliant with Board of Regents Cost Containment Guidelines, all applicable codes and regulations and other such guidelines as appropriate. The Phase II - V improvements contain furnishings, equipment, communications, utilities, infrastructure and other such items as deemed appropriate for proper operation of a University housing facility.

PHASE VI

The Phase VI improvements are composed of a facility containing three separate three-story buildings containing approximately 288 single-bed spaces in apartment style units. Each unit contains full kitchen facilities, living room, lavatory and bath facilities, study areas, personal storage and bedroom areas. The Phase VI improvements are multi-story construction using masonry exterior walls, stucco exterior, and poured slab floors with carpeting and tile finishing and a standing seam metal roof. The Phase VI improvements contain laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities, pool, a volleyball court and other such items as deemed appropriate for proper operation of a University housing facility.

#### PHASE VII

The Phase VII improvements are composed of a facility containing three separate three-story buildings containing approximately 288 single-bed spaces in apartment style units. Each unit contains full kitchen facilities, living room, lavatory and bath facilities, study areas, personal storage and bedroom areas. The Phase VII improvements are multi-story construction using masonry exterior walls, stucco exterior, and poured slab floors with carpeting and tile finishing and a standing seam metal roof. The Phase VII improvements will contain laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities, pool, a volleyball court and other such items as deemed appropriate for proper operation of a University housing facility.

#### PHASE VIII

The Phase VIII improvement consists of one five-story building containing approximately 400 single-bed spaces in two bedroom "suite" style units. Each unit contains lavatories, bath facilities, entry and bedroom areas. The Phase VIII improvement was built using pre-cast exterior walls, texture coated exterior, and poured slab or pre-cast plank floors with carpeting and tile finishing and built up and standing seam metal roof. The overall Phase VIII improvement contains kitchen facilities, laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities.

#### PHASE IX

The Phase IX improvement consists of one five-story building containing approximately 400 single-bed spaces in two bedroom "suite" style units. Each unit contains lavatories, bath facilities, entry and bedroom areas. The Phase IX improvement was built using pre-cast exterior walls, texture coated exterior, and poured slab or pre-cast plank floors with carpeting and tile finishing and built up and standing seam metal roof. The overall Phase IX improvement contains kitchen facilities, laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities.

#### PHASE X

The Phase X improvement will consist of one five-story building containing approximately 400 single-bed spaces in two bedroom "suite" style units. Each unit contains lavatories, bath facilities, entry and bedroom areas. The Phase X improvement will be built using pre-cast exterior walls, texture coated exterior, and poured slab or pre-cast plank floors with carpeting and tile finishing and built up and standing seam metal roof. The overall Phase X improvement is expected to contain kitchen facilities, laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities.

#### PHASE XI

The Phase XI improvement consists of six three-story student apartment facilities that include 144 units comprised of 72 three-bedroom units with 1,399 square feet and 72 four-

bedroom units with 1,691 square feet and each unit includes a full bath, large walk-in closet, with common living room, kitchen and dining and laundry facilities areas. The Phase XI improvement also includes parking lots, sidewalks, access roads and a clubhouse facility that houses the management office, fitness room, computer center and game room. The parcel is bordered by two lakes and a golf course and is located one mile northwest of the University's main campus.

#### PHASE XII

The Phase XII improvement will consist of one six-story building containing approximately 520 single-bed spaces in three bedroom "suite" style units. Each unit contains lavatories, bath facilities, entry and bedroom areas. The Phase XII improvement will be built using pre-cast exterior walls, texture coated exterior, and poured slab or pre-cast plank floors with carpeting and tile finishing and built up and standing seam metal roof. The overall Phase XII improvement is expected to contain kitchen facilities, laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities.

#### PHASE XIII

The Phase XIII improvement will consist of one six-story building containing approximately 520 single-bed spaces in three bedroom "suite" style units. Each unit contains lavatories, bath facilities, entry and bedroom areas. The Phase XIII improvement will be built using pre-cast exterior walls, texture coated exterior, and poured slab or pre-cast plank floors with carpeting and tile finishing and built up and standing seam metal roof. The overall Phase XIII improvement is expected to contain kitchen facilities, laundry facilities, storage facilities, assembly facilities, furnishings, equipment, communications and utilities.

### **PARKING SYSTEM**

#### PHASE I

The parking structure is a multi-level parking structure with approximately 500 spaces consisting of approximately 150,550 gross square feet, with maintenance closets, janitorial closets, mechanical rooms and elevator space, located on the campus of the University.

#### PHASE II

The parking structure is a multi-level parking structure with approximately 900 spaces consisting of approximately 189,000 gross square feet, with maintenance closets, janitorial closets, mechanical rooms and elevator space, located on the campus of the University.

PHASE III

The parking structure is a multi-level parking structure with approximately 785 spaces consisting of approximately 236,200 gross square feet, with maintenance closets, janitorial closets, mechanical rooms and elevator space, located on the main campus of the University.

**STUDENT UNION ADDITION**

PHASE I

The Project consists of an approximately 23,478 gross square foot addition to the existing Student Union building on the campus of the University which includes certain renovations and improvements to the existing Student Union building necessary to accommodate the new addition.

**EXHIBIT "C"**

**DESCRIPTION OF BONDS**

**HOUSING SYSTEM BONDS (SECURED BY LIEN ON HOUSING SYSTEM REVENUES)**

\$47,500,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2003; Bond Year  
commencing December 10, 2003 and ending December 9 of each year thereafter

\$6,800,000 Florida Gulf Coast University Financing Corporation  
Amended and Restated Capital Improvement Revenue Bonds, Series 2005A (Housing  
Project); Bond Year  
commencing July 1, 2013 and ending June 30 of each year thereafter

\$25,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2007A (Housing Project); Bond Year  
commencing May 10, 2007 and ending May 9 of each year thereafter

\$22,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2008A (Housing Project); Bond Year  
commencing May 1, 2008 and ending April 30 of each year thereafter

\$32,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2010A (Housing Project); Bond Year  
commencing July 28, 2010 and ending July 27 of each year thereafter

\$17,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2010B (Housing Acquisition Project); Bond  
Year commencing October 14, 2010 and ending October 13 of each year thereafter

\$30,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2011A (Housing Project); Bond Year  
commencing June 28, 2011 and ending June 27 of each year thereafter

\$30,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2013A (Housing Project); Bond Year  
commencing June 11, 2013 and ending June 10 of each year thereafter

**PARKING SYSTEM BONDS (SECURED BY A LIEN ON PARKING SYSTEM REVENUES)**

\$5,100,000 Florida Gulf Coast University Financing Corporation  
Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking  
Project); Bond Year

commencing July 1, 2013 and ending June 30 of each year thereafter

\$10,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2007C (Parking Project); Bond Year  
commencing May 10, 2007 and ending May 9 of each year thereafter

\$8,000,000 Florida Gulf Coast University Financing Corporation Capital Improvement  
Revenue Bonds, Series 2009A (Parking Project); Bond Year  
commencing May 7, 2009 and ending May 6 of each year thereafter

**STUDENT UNION BONDS (SECURED BY A LIEN ON STUDENT UNION  
REVENUES)**

\$6,000,000 Florida Gulf Coast University Financing Corporation  
Capital Improvement Revenue Bonds, Series 2007B (Student Union Project); Bond Year  
commencing October 3, 2007 and ending October 2 of each year thereafter

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



## **APPENDIX E**

### Form of Bond Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX E

### FORM OF OPINION OF BOND COUNSEL

*Upon delivery of the Bonds in definitive form, Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, proposes to render its opinion with respect to the 2017B Bonds in substantially the following form:*

[Date of Delivery]

Florida Gulf Coast University  
Financing Corporation  
Fort Myers, Florida

Florida Gulf Coast University  
Fort Myers, Florida

---

**Florida Gulf Coast University Financing Corporation  
Capital Improvement Refunding Revenue Bonds, Series 2017B  
(Parking Project)**

Ladies and Gentlemen:

We have acted 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 Refunding Revenue Bonds, Series 2017B (the "2017B 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"), resolutions of the Board of Directors of the Issuer adopted on June 7, 2017 and October 13, 2017 (the "Resolutions"), and the Amended and Restated Trust Indenture, dated as of July 1, 2013, by and between the Financing Corporation and TD Bank, National Association, as trustee (the "Trustee"), as supplemented by the Second Supplemental Indenture to Amended and Restated Trust Indenture, dated as of October 1, 2017, as further amended and supplemented (collectively, the "Indenture") and the Ninth Amended and Restated Master Capital Projects Operating Lease, dated as of July 1, 2013 (the "Original Operating Lease"), between the Issuer and the University Board, as supplemented by the First Supplemental Operating Lease, dated as of October 1, 2017, and as further amended and supplemented (collectively, the "Operating Lease"). In such capacity, we have examined such law 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 meaning 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 Resolutions and the due execution and delivery of the 2017B Bonds and the compliance by the Issuer with all conditions contained in ordinances and resolutions of the Issuer precedent to the issuance of the 2017B Bonds.

The 2017B Bonds are payable from the Trust Estate which includes the Lease Payments under the Operating Lease which Lease Payments are payable from Net Revenues of the Parking System (as defined in the Indenture) and moneys on deposit in certain funds and accounts established under the Indenture and investment earnings thereon, on parity and equal status with the Issuer's Amended and Restated Capital Improvement Revenue Bonds, Series 2005B (Parking Project) (the "2005B Bonds") and the Issuer's Capital Improvement Revenue Bonds, Series 2009A (Parking Project) (the "2009A Bonds" and together with the 2005B Bonds, the "Parity Bonds") 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 2017B Bonds and the Parity Bonds.

The holders of the 2017B Bonds shall never have the right to compel the exercise of any ad valorem taxing power of the Issuer or taxation in any form or any real or personal property for the payment of the principal of or interest on the 2017B Bonds.

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 2017B Bonds are valid and binding general obligations of the Issuer enforceable in accordance with their terms, payable solely from the Trust Estate 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 2017B Bonds on a parity with the Parity Bonds and any Additional Bonds hereafter issued, all in the manner and to the extent provided in the Indenture.

4. Interest on the 2017B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2017B Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinions set forth in the preceding two sentences are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the 2017B 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 2017B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2017B Bonds.

It is to be understood that the rights of the owners of the 2017B Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

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 2017B 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 2017B Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2017B 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 2017B Bonds or regarding the perfection or priority of the lien, except as provided in paragraph 3. with respect to the parity status of the 2017B 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 2017B Bonds other than as expressly set forth herein.

Florida Gulf Coast University Financing Corporation  
Florida Gulf Coast University  
[Date of Delivery]  
Page 4

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.

## **APPENDIX F**

### **Form of Continuing Disclosure Agreement**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**CONTINUING DISCLOSURE AGREEMENT**

**by and between**

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION**

**and**

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.**

**relating to:**

**\$ \_\_\_\_\_**

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS,  
SERIES 2017B (PARKING PROJECT)**

**Dated as of \_\_\_\_\_, 2017**

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated as of \_\_\_\_\_, 2017, is executed and delivered by the **FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION** (the "Issuer") and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.**, a limited liability company duly organized and existing under the laws of the State of Florida (the "State"), and any successor dissemination agent serving hereunder pursuant to Section 11 hereof (the "Dissemination Agent" or "DAC").

**RECITALS:**

**A.** Contemporaneously with the execution and delivery of this Disclosure Agreement, the Issuer issued and delivered its \$\_\_\_\_\_ Capital Improvement Refunding Revenue Bonds, Series 2017B (the "Bonds"), pursuant to the provisions of the Constitution and laws of the State.

**B.** The Bonds are being issued by the Issuer for the purpose of (i) refunding the Issuer's outstanding Capital Improvement Revenue Bonds, Series 2007A (Parking Project) and (ii) paying the costs of issuance related to the Bonds.

**C.** Upon the initial sale of the Bonds to the Participating Underwriter (as defined herein), the Issuer authorized the preparation and distribution of the Official Statement dated \_\_\_\_\_, 2017 with respect to the Bonds (the "Official Statement").

**D.** As a condition precedent to the initial purchase of the Bonds by the Participating Underwriter (herein defined) in accordance with the terms of the Purchase Contract dated \_\_\_\_\_, 2017 by and among the Issuer and Morgan Stanley & Co. LLC, acting on behalf of itself and the underwriters listed on the cover page of the Official Statement, in each of their respective capacity as a Participating Underwriter, and in compliance with such Participating Underwriter's obligations under the Rule (as defined herein), the Issuer has undertaken to provide certain annual financial information and notice of certain events on an ongoing basis for so long as the Bonds remain outstanding as set forth herein and in the continuing disclosure undertakings of the Issuer.

**NOW THEREFORE**, in consideration of the purchase of the Bonds by the Participating Underwriter and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the Issuer and the Dissemination Agent do hereby certify and agree as follows:

**Section 1. Incorporation of Recitals.** The above recitals are true and correct and are incorporated into and made a part hereof.

## **Section 2. Definitions.**

(a) For the purposes of this Disclosure Agreement, all capitalized terms used, but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture and the Official Statement, as applicable.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Disclosure Agreement:

**"Annual Filing"** means any annual report provided by the Issuer, pursuant to and as described in Sections 4 and 6 hereof.

**"Annual Filing Date"** means the date, set forth in Sections 4(a) and 4(e) hereof, by which the Annual Filing is to be filed with the MSRB.

**"Annual Financial Information"** means annual financial information as such term is used in paragraph (f)(9) of the Rule and specified in Section 6(a) hereof.

**"Audited Financial Statements"** means the financial statements of the Issuer and Florida Gulf Coast University (the "University") for the prior Fiscal Year, audited by an independent auditor and prepared in accordance with generally accepted accounting principles, as in effect from time to time.

**"Beneficial Owner"** means any beneficial owner of the Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the SEC, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

**"Business Day"** means a day other than a Saturday or a Sunday or a day on which banks are authorized or required by law to close.

**"Disclosure Representative"** means the Controller of the University or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

**"Dissemination Agent"** means Digital Assurance Certification, L.L.C., acting in its capacity as initial Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 11 hereof.

**"EMMA"** means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

**"Filing"** means, as applicable, any Annual Filing, Notice Event Filing, Voluntary Report or any other notice or report made public under this Disclosure Agreement.

**"Fiscal Year"** means the fiscal year of the Issuer, which currently is the twelve-month period beginning July 1 and ending on June 30 of the following year or any such other twelve-month period designated by the Issuer and the University, from time to time, to be their fiscal year.

**"Information"** means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event Filings, and the Voluntary Reports.

**"MSRB"** means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

**"Notice Event"** means an event listed in Sections 5(a) and 5(b) hereof.

**"Notice Event Filing"** shall have the meaning specified in Section 5(c) hereof.

**"Obligated Person"** means the Issuer and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The Issuer confirms that as of the date hereof, it and the University are the only Obligated Persons with respect to the Bonds.

**"Participating Underwriter"** means collectively the original purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

**"Repository"** means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The repositories currently approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through its EMMA website at <http://emma.msrb.org>.

**"Rule"** means Rule 15c2-12 of the SEC promulgated pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time.

**"SEC"** means the United States Securities and Exchange Commission.

**"Third-Party Beneficiary"** shall have the meaning specified in Section 3(b) hereof.

**"Trust Indenture"** means the Amended and Restated Trust Indenture dated as of July 1, 2013, by and between the Issuer and TD Bank, National Association, as trustee, as amended and supplemented.

**"Unaudited Financial Statements"** means the financial statements (if any) of the Issuer and the University for the prior Fiscal Year which have not been certified by an independent auditor.

**"Voluntary Report"** means the information provided to the Dissemination Agent by the Issuer pursuant to Section 8 hereof.

**Section 3. Scope of this Disclosure Agreement.**

(a) The Issuer has agreed to enter into this Disclosure Agreement and undertake the disclosure obligations hereunder, at the request of the Participating Underwriter and as a condition precedent to the Participating Underwriter's original purchase of the Bonds, in order to assist the Participating Underwriter with compliance with the Rule. The disclosure obligations of the Issuer under this Disclosure Agreement relate solely to the Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the Issuer, nor to any other securities issued by or on behalf of the Issuer.

(b) Neither this Disclosure Agreement, nor the performance by the Issuer or the Dissemination Agent of their respective obligations hereunder, shall create any third-party beneficiary rights, shall be directly enforceable by any third-party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Participating Underwriter and each Beneficial Owner are hereby made third-party beneficiaries hereof (collectively, and each respectively, a "Third-Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(c) This Disclosure Agreement shall terminate upon: (i) the defeasance, redemption or payment in full of all Bonds, in accordance with the Trust Indenture, as amended, or (ii) the delivery of an opinion of counsel expert in federal securities laws retained by the Issuer to the effect that continuing disclosure is no longer required under the Rule as to the Bonds.

#### **Section 4. Annual Filings.**

(a) The Issuer shall provide, or shall cause the University to provide, annually, an electronic copy of the Annual Filing to the Dissemination Agent on or before the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Filing, the Dissemination Agent shall provide the Annual Filing to the Repository, in an electronic format as prescribed by the MSRB. Not later than the March 31 immediately following the preceding Fiscal Year ended June 30, commencing with the Fiscal Year ending June 30, 2017, shall be the Annual Filing Date. If March 31 falls on a day that is not a Business Day, the Annual Report will be due on the first Business Day thereafter. Such date and each anniversary thereof is the Annual Filing Date. The Annual Filing may be submitted as a single document or as separate documents composing a package, and may cross-reference other information as provided in Section 6 hereof.

(b) If on the second Business Day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind the Issuer of its undertaking to provide the Annual Filing pursuant to Section 4(a) hereof. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Filing no later than 6:00 p.m. on the Annual Filing Date (or if such Annual Filing Date is not a Business Day, then the first Business Day thereafter), or (ii) instruct the Dissemination Agent in writing as to the status of the Annual Filing within the time required under this Disclosure Agreement, and state the date by which the Annual Filing for such year is expected to be provided. If the Dissemination Agent has not received either (i) the Annual Filing by 6:00 p.m. on the Annual Filing Date, or (ii) evidence from the Issuer that it has delivered the Annual Filing to the Repository by 11:59 p.m. on the Annual Filing Date, the Issuer hereby irrevocably directs the Dissemination Agent, and the Dissemination Agent agrees, to immediately send a notice to the Repository the following Business Day in substantially the form attached to this Disclosure Agreement as Exhibit A without reference to the anticipated filing date for the Annual Filing.

(c) If the Audited Financial Statements are not available prior to the Annual Filing Date, the Issuer shall provide the Unaudited Financial Statements and when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Dissemination Agent for filing with the Repository.

(d) The Dissemination Agent shall:

(i) upon receipt, and no later than the Annual Filing Date, promptly file each Annual Filing received under Section 4(a) hereof with the Repository in an electronic format as prescribed by the MSRB;

(ii) upon receipt, and no later than the Annual Filing Date, promptly file each Audited Financial Statement or Unaudited Financial Statement received under

Section 4(a) hereof with the Repository in an electronic format as prescribed by the MSRB;

(iii) provide the Issuer evidence of the filings of each of the above when made, which shall be made by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(e) The Issuer may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository; provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(f) Each Annual Filing shall contain the information set forth in Section 6 hereof.

**Section 5. Reporting of Notice Events.**

(a) In accordance with the Rule, the Issuer or the Dissemination Agent shall file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the following Notice Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or a similar proceeding on the part of an Obligated Person. Such an event is considered to have occurred when there is an appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person, or the sale of all or substantially all of the assets of an 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; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In accordance with the Rule, the Issuer or the Dissemination Agent shall file a Notice Event Filing with the Repository, in the appropriate format required by the MSRB and in a timely manner, after the occurrence of a failure of the Issuer to provide the Annual Filing on or before the Annual Filing Date.

(c) The Issuer shall promptly notify the Dissemination Agent in writing of the occurrence of a Notice Event; provided, however, to the extent any such Notice Event has been previously and properly disclosed to the Repository by or on behalf of the Issuer, the Issuer shall not be required to provide such additional notice of such Notice Event in accordance with this subsection. Such notice shall instruct the Dissemination Agent to immediately report the occurrence pursuant to Section 5(e) hereof. Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make (each a "Notice Event Filing"), the written authorization of the Issuer for the Dissemination Agent to disseminate such information, and the date on which the Issuer desires for the Dissemination Agent to disseminate the information.

(d) The Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the



Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will instruct the Dissemination Agent that: (i) a Notice Event has not occurred and no filing is to be made, or (ii) a Notice Event has occurred and provide the Dissemination Agent with the Notice Event Filing and the date the Dissemination Agent should file the Notice Event Filing.

(e) The Dissemination Agent shall upon receipt, and no later than the required filing date, promptly file each Notice Event Filing received under Section 5(a) and (b) hereof with the Repository in an electronic format as prescribed by the MSRB;

**Section 6. Content of Annual Filings.** Each Annual Filing shall contain the following:

(a) updates of the financial and statistical information set forth in the Official Statement in the following tables:

- (1) "HISTORICAL PARKING SYSTEM REVENUES AND DEBT SERVICE COVERAGE";
- (2) "Outstanding Parking System Bonds";
- (3) "THE PARKING SYSTEM – Parking System Fees and Revenues"; and
- (4) "Student Enrollment"

(b) if available at the time of such filing, the Audited Financial Statements for the prior Fiscal Year. If the Audited Financial Statements are not available by the time the Annual Filing is required to be filed pursuant to Section 4(a) hereof, the Annual Filing shall contain Unaudited Financial Statements of the Issuer or the University, as applicable, prepared in accordance with generally accepted accounting principles, as in effect from time to time, and the Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available. The Audited Financial Statements (if any) will be provided pursuant to Section 4(c) hereof.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Issuer will clearly identify each such document so incorporated by reference.

**Section 7. Responsibility for Content of Reports and Notices.**

(a) The Issuer shall be solely responsible for the content of each Filing (or any portion thereof) provided to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not be responsible for reviewing or verifying the accuracy or completeness of any such Filings.

(b) Each Filing distributed by the Dissemination Agent pursuant to Section 4 or 5 hereof shall be in a form suitable for distributing publicly and shall contain the CUSIP numbers of the Bonds. Each Notice Event Filing shall be in substantially the form set forth in Exhibit A attached hereto. If an item of information contained in any Filing pursuant to this Disclosure Agreement would be misleading without additional information, the Issuer shall include such additional information as a part of such Filing as may be necessary in order that the Filing will not be misleading in light of the circumstances under which it is made.

(c) Any report, notice or other filing to be made public pursuant to this Disclosure Agreement may consist of a single document or separate documents composing a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the Repository or the SEC; provided that any final official statement incorporated by reference must be available from the Repository.

(d) Notwithstanding any provision herein to the contrary, nothing in this Disclosure Agreement shall be construed to require the Issuer or the Dissemination Agent to interpret or provide an opinion concerning information made public pursuant to this Disclosure Agreement.

#### **Section 8. Voluntary Reports.**

(a) The Issuer may instruct the Dissemination Agent to file information with the Repository, from time to time (a "Voluntary Report").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Filing, Annual Financial Statement, Voluntary Report or Notice Event Filing, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Filing, Annual Financial Statement, Voluntary Report or Notice Event Filing in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Filing, Annual Financial Statement, Voluntary Report or Notice Event Filing.

(c) Notwithstanding the foregoing provisions of this Section 8, the Issuer is under no obligation to provide any Voluntary Report.

(d) The Dissemination Agent shall upon receipt promptly file each Voluntary Filing received under Section 8 hereof with the Repository in an electronic format as prescribed by the MSRB.

## **Section 9. Defaults; Remedies.**

(a) A party shall be in default of its obligations hereunder if it fails or refuses to carry out or perform its obligations hereunder for a period of five (5) Business Days following notice of default given in writing to such party by any other party hereto or by any Third-Party Beneficiary hereof, unless such default is cured within such five (5) Business Day notice period. An extension of such five (5) Business Day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice from the party who gave the default notice.

(b) If a default occurs and continues beyond the cure period specified above, any non-defaulting party or any Third-Party Beneficiary may seek specific performance of the defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default; excepting, however, that the party seeking such specific performance may recover from the defaulting party any reasonable attorneys' fees and expenses incurred in the course of enforcing this Disclosure Agreement as a consequence of such default. Each of the parties hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance shall be available in proceedings to enforce this Disclosure Agreement.

(c) Notwithstanding any provision of this Disclosure Agreement or the Trust Indenture to the contrary, no default under this Disclosure Agreement shall constitute a default or event of default under the Trust Indenture.

## **Section 10. Amendment or Modification.**

(a) This Disclosure Agreement shall not be amended or modified except as provided in this Section 10. No modification, amendment, alteration or termination of all or any part of this Disclosure Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Trust Indenture.

(b) Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if: (i) such amendment or waiver is 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 obligor on the Bonds, or type of business conducted by such obligor; (ii) such amendment or waiver does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by an unqualified opinion of counsel expert in federal securities laws retained by the Issuer or by the approving vote of a majority of the Beneficial Owners of the Bonds outstanding at the time of such amendment or waiver; and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws retained by the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the

date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

(c) If any provision of Section 6 hereof is amended or waived, the first Annual Filing containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(d) If the provisions of this Disclosure Agreement specifying the accounting principles to be followed in preparing the Issuer's financial statements are amended or waived, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the beneficial owners of the Bonds to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The Issuer will file a notice of the change in the accounting principles with the Repository on or before the effective date of any such amendment or waiver.

(e) Notwithstanding the foregoing, the Dissemination Agent shall not be obligated to agree to any amendment expanding its duties or obligations hereunder without its consent thereto.

(f) The Issuer shall prepare or cause to be prepared a notice of any such amendment or modification and shall direct the Dissemination Agent to make such notice public in accordance with Section 8 hereof.

#### **Section 11. Agency Relationship.**

(a) The Dissemination Agent agrees to perform such duties, but only such duties, as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations of any kind shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent may conclusively rely, as to the truth, accuracy and completeness of the statements set forth therein, upon all notices, reports, certificates or other materials furnished to the Dissemination Agent pursuant to this Disclosure Agreement, and in the case of notices and reports required to be furnished to the Dissemination Agent pursuant to this Disclosure Agreement, the Dissemination Agent shall have no duty whatsoever to examine the same to determine whether they conform to the requirements of this Disclosure Agreement.

(b) The Dissemination Agent shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Dissemination Agent unless it shall be proven that the Dissemination Agent engaged in negligent conduct or willful misconduct in ascertaining the pertinent facts related thereto.

(c) The Dissemination Agent shall perform its rights and duties under this Disclosure Agreement using the same standard of care as a prudent person would exercise under the circumstances, and the Dissemination Agent shall not be liable for any action taken or failure to act in good faith under this Disclosure Agreement unless it shall be proven that the Dissemination Agent was negligent or engaged in willful misconduct.

(d) The Dissemination Agent may perform any of its duties hereunder by or through attorneys or agents selected by it with reasonable care, and shall be entitled to the advice of counsel concerning all matters arising hereunder, and may in all cases pay such reasonable compensation as it may deem proper to all such attorneys and agents. The Dissemination Agent shall be responsible for the acts or negligence of any such attorneys, agents or counsel.

(e) None of the provisions of this Disclosure Agreement or any notice or other document delivered in connection herewith shall require the Dissemination Agent to advance, expend or risk its own funds or otherwise incur financial liability in the performance of any of the Dissemination Agent's duties or rights under this Disclosure Agreement.

(f) Except as expressly provided herein, the Dissemination Agent shall not be required to monitor the compliance of the Issuer with the provisions of this Disclosure Agreement or to exercise any remedy, institute a suit or take any action of any kind without indemnification satisfactory to the Dissemination Agent.

(g) The Dissemination Agent may resign at any time by giving at least ninety (90) days prior written notice thereof to the Issuer. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the Issuer; provided that such removal shall not become effective until a successor dissemination agent has been appointed by the Issuer under this Disclosure Agreement.

(h) In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the Issuer shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Disclosure Agreement or elsewhere, the Issuer may appoint itself to serve as Dissemination Agent hereunder.

(i) Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its agency business shall be the successor dissemination agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Disclosure Agreement, anything herein to the contrary notwithstanding.

(j) The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party.

**Section 12. Miscellaneous.**

(a) Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Disclosure Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Disclosure Agreement under applicable law and any resolutions, ordinances, or other actions of such party now in effect, (iii) that the execution and delivery of this Disclosure Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Agreement, or its due authorization, execution and delivery of this Disclosure Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(b) This Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State and applicable federal law.

(c) If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) This Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

**Section 13. Identifying Information.** All documents provided to the Repository pursuant to this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

**Section 14. Severability.** In case any part of this Disclosure Agreement is held to be illegal or invalid, such illegality or invalidity shall not affect the remainder or any other section of this Disclosure Agreement. This Disclosure Agreement shall be construed or enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application of this Disclosure Agreement affect any legal and valid application.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE TO  
CONTINUING DISCLOSURE AGREEMENT  
FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project)**

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have each caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**FLORIDA GULF COAST UNIVERSITY  
FINANCING CORPORATION**

By: \_\_\_\_\_  
Steve Magiera, Executive Director

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO  
CONTINUING DISCLOSURE AGREEMENT  
FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project)**

**IN WITNESS WHEREOF**, the Issuer and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement to be effective as of the day and year so specified hereinabove.

**DIGITAL    ASSURANCE    CERTIFICATION,  
L.L.C., as Dissemination Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT A**

**NOTICE TO REPOSITORY OF THE OCCURRENCE OF  
[INSERT THE NOTICE EVENT]**

**Relating to:**

**FLORIDA GULF COAST UNIVERSITY FINANCING CORPORATION  
Capital Improvement Refunding Revenue Bonds, Series 2017B (Parking Project)**

**Originally Issued on \_\_\_\_\_, 2017**

**CUSIP NUMBERS: \_\_\_\_\_**

Notice is hereby given by the Florida Gulf Coast University Financing Corporation (the "Issuer"), as obligated person with respect to the above-referenced Bonds issued by the Issuer, under the Securities and Exchange Commission's Rule 15c2-12, that **\*\*INSERT THE NOTICE EVENT\*\*** has occurred. **\*\*DESCRIBE NOTICE EVENT AND MATERIAL CIRCUMSTANCES RELATED THERETO\*\***.

This Notice is based on the best information available to the Issuer at the time of dissemination hereof and is not guaranteed by the Issuer as to the accuracy or completeness of such information. The Issuer will disseminate additional information concerning **\*\*NOTICE EVENT\*\***, as and when such information becomes available to the Issuer, to the extent that the dissemination of such information would be consistent with the requirements of Rule 15c2-12 and the Issuer's obligation under that certain Continuing Disclosure Agreement dated as of \_\_\_\_\_, 2017. **\*\*Any questions regarding this notice should be directed in writing only to the Issuer. However, the Issuer will not provide additional information or answer questions concerning \*\*NOTICE EVENT\*\* except in future written notices, if any, disseminated by the Issuer in the same manner and to the same recipients as this Notice\*\***.

**DISCLAIMER:** All information contained in this Notice has been obtained by the Issuer from sources believed to be reliable as of the date hereof. Due to the possibility of human or mechanical error as well as other factors, however, such information is not guaranteed as to the accuracy, timeliness or completeness. Under no circumstances shall the Issuer have any liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from or relating to this Notice, including, without limitation, any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any

information contained in this Notice, or (b) any direct, indirect, special, consequential or incidental damages whatsoever related thereto.

Dated: \_\_\_\_\_

**FLORIDA GULF COAST UNIVERSITY  
FINANCING CORPORATION**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)