

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA**

May 10, 2007

SUBJECT: Delegation of Authority to Approve University Alternative Financing Arrangements (Derivative Policies)

PROPOSED BOARD ACTION

Delegate authority to approve comprehensive derivative policies established by the Universities or their Direct Support Organizations to the Chancellor, Board of Governors, State University System of Florida.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Florida Board of Governors Debt Management Guidelines dated April 27, 2006; Chapter 2006-27, Section 5, Laws of Florida; and Article IX, Section 7(d), Florida Constitution

BACKGROUND INFORMATION

The Board of Governors at its April 27, 2006 meeting approved debt management guidelines for the 11 institutions of the State University System of Florida and their direct-support organizations to use in managing debt and assuming new debt to meet growth needs of the future. The Debt Management Guidelines were needed for the State University System to continue to ensure consistency and prudent fiscal management in the financing of capital outlay projects by the institutions and their foundations and other direct-support organizations.

The Florida Board of Governors Debt Management Guidelines requires that each state university adopt a debt management policy which is consistent with these guidelines. Debt management guidelines have been adopted by all 11 universities and have been approved by the Board of Governors at prior meetings. The debt management guidelines require that a comprehensive derivatives policy be established by the university or direct-support organization prior to approving transactions using derivatives products.

The Chancellor in approving each policy will consult with the Division of Bond Finance for conformity to debt management guidelines and appropriateness of the University's adopted derivative policy.

Supporting Documentation Included: N/A

Facilitators/Presenters: Mr. Chris Kinsley, Director of Finance
and Facilities