

AGREEMENT

THIS AGREEMENT is made and entered into this 16th day of February, 2009, by and between the Florida Prepaid College Board (the "Prepaid Board") and the Florida Board of Governors (the "Board of Governors").

Background

At no time in history has access to public universities been more important.

The mission of the Board of Governors is to mobilize resources and diverse constituencies to govern and advance the State University System of Florida.

The Prepaid Board is committed to helping Floridians save for future qualified higher education expenses by providing a cost-effective, financially sound Prepaid College Plan and College Savings Plan.

This Agreement is intended to meet the objectives of the Prepaid Board and the Board of Governors, and to complement the needs of the State University System to better serve existing and prospective students.

NOW, THEREFORE, in consideration of the mutual promises and recitals herein, the parties, intending to be legally bound, agree as follows:

A. Definitions.

1. "Prepaid Contract" shall mean the Master Covenant for the Florida Prepaid College Plan in effect on the Effective Date between the Prepaid Board and the purchaser of a contract in the Florida Prepaid College Plan that covers Registration Fees, Tuition Differential Fees, Local Fees, and/or Dormitory Fees.

2. "Effective Date" shall mean the day after the last of the following actions have occurred: approval of this Agreement by the Prepaid Board, approval of this Agreement by the Board of Governors, the effective date of legislation that authorizes the Prepaid Board to fulfill the payment obligations set forth in this Agreement, and approval of this Agreement by the Legislature.

3. "Registration fees" shall mean the fees charged for tuition and include the tuition fee, financial aid fee, building fee, and Capital Improvement Trust Fund fee.

4. "Tuition differential fees" shall mean the supplemental fees charged for instruction.

5. "Local Fees" shall mean the activity and services fee, health fee and athletic fee charged by the state universities.

6. "Approved Dormitory Rates" shall mean the Dormitory Fees for residence halls specified by each university and approved by the Prepaid Board for inclusion in the Florida Prepaid College Plan.

7. "Dormitory Fees" shall mean the dormitory fee defined in Paragraph 1.04 of the Prepaid Contract.

8. "Base Rate" shall mean:

(a) For Registration Fees, \$90.89 per credit hour, which is the total amount of Registration Fees on which prepaid contract prices were based in the contract sales period on or immediately prior to the Effective Date of this Agreement.

(b) For Tuition Differential Fees, the actual Tuition Differential Fees assessed by the state university attended by a Prepaid Contract beneficiary, as of the Effective Date, through June 30, 2012. Beginning in Fiscal Year 2012/2013, the base rate is

\$37.03, per semester credit hour, which was established in the most recent version of the report entitled "Contract Prices" issued by the actuarial firm retained by the Prepaid Board, as of the Effective Date.

(c) For Local Fees, the actual Local Fees charged as of the Effective Date by the state university attended by a Prepaid Contract beneficiary.

(d) For Dormitory Fees, the actual Approved Dormitory Rates charged as of the Effective Date by the state university attended by a Prepaid Contract beneficiary.

9. "Fiscal Year" shall mean the fiscal year of the State of Florida; the twelve months beginning on July 1 of a calendar year through and including June 30 of the next succeeding calendar year.

10. "Actuarial Reserve" shall mean the expected value of the assets of the Florida Prepaid College Trust Fund that exceed the expected value of the liabilities of the Trust Fund.

B. Payments by the Prepaid Board.

For each Fiscal Year beginning after the Effective Date, the amount paid by the Prepaid Board to any state university on behalf of a Prepaid Contract beneficiary whose Prepaid Contract was purchased prior to the Effective Date, covering the Registration Fees, Tuition Differential Fees, Local Fees, and/or Dormitory Fees shall be:

1. The Base Rate for Registration Fees, Tuition Differential Fees, Local Fees and Dormitory Fees, plus the following annual increases in each Fiscal Year:

(a) As to Registration Fees, annually the Board shall evaluate or cause to be evaluated the actuarial soundness of the Prepaid College Trust Fund. If the Actuarial Reserve is less than seven and one-half percent (7.5%) of the expected liabilities of the Trust Fund, the annual increase shall be six percent (6.0%) for the subsequent Fiscal

Year. If the Actuarial Reserve is equal to or greater than seven and one-half percent (7.5%) and less than ten percent (10.0%) of the expected liabilities of the Trust Fund, the annual increase shall be six and one-quarter percent (6.25%) for the subsequent Fiscal Year. If the Actuarial Reserve is ten percent (10.0%) or greater of the expected liabilities of the Trust Fund, the annual increase shall be six and one-half percent (6.5%) for the subsequent Fiscal Year.

(b) As to Tuition Differential Fees, effective beginning Fiscal Year 2013/2014, the Fiscal Year 2012/2013 Base Rate of \$37.03 increased by the annual increase determined in paragraph 1 (a).

(c) As to Local Fees: five percent (5%)

(d) As to Dormitory Fees: six percent (6%)

2. The annual increases shall be compounded.

C. Limitations on Charges.

1. The Board of Governors shall not permit any state university to charge any beneficiary covered in Paragraph B above any additional charges for Registration Fees, Tuition Differential Fees, Local Fees or Dormitory Fees in excess of those provided for in this Agreement.

2. The Board of Governors shall not permit any state university to modify the manner by which Registration Fees, Tuition Differential Fees, Local Fees or Dormitory Fees are charged as of the Effective Date, in a manner which would allow any state university to obtain additional revenues from Prepaid Contract beneficiaries covered in Paragraph B not specifically allowed by this Agreement, without the prior written consent of the Prepaid Board.

D. Exemption from Tuition Differential Fees.

Beneficiaries with Prepaid Contracts purchased prior to July 1, 2007 shall be exempt from paying any Tuition Differential Fee.

E. Joint Study Committee.

1. No later than sixty (60) days after the Effective Date, each party shall appoint 3 members of the respective boards to a Joint Study Committee on Pricing Policy.

2. The purpose of the Committee shall be to study and recommend to the respective boards and the Legislature measures that will help maintain a cost effective and financially sound Prepaid College Plan in a manner that supports the pursuit of academic excellence in the State University System.

3. Any costs associated with the operations of the Committee shall be equally borne by the boards. Any recommendations to the Legislature shall require the affirmative vote of a majority of each board's members on the Committee.

F. Authority.

Each individual signing below hereby expressly represents that (s)he is duly authorized to enter into this Agreement on behalf of the entity on whose behalf (s)he is signing below. The Prepaid Board's authority to enter into this agreement is contingent on approval by the Legislature, and the Board of Governors' authority is contingent upon approval by a majority vote of its members.

G. Binding Effect.

This Agreement shall be binding upon the parties, their related or resulting organizations, successors or transferees, administrative staff, agents, and attorneys.

H. Entire Agreement; Amendments.

1. This Agreement constitutes the entire agreement between the parties and supersedes any prior discussions, agreements, or understandings between the parties.

2. No modification or waiver of this Agreement is valid unless written and properly executed by both parties.

I. Enforcement; Venue; Attorney's Fees and Costs.

1. Venue for any action brought to enforce the terms of this Agreement shall lie in the Circuit Court in Leon County, Florida.

2. This Agreement may be enforced by any remedy available at law or in equity, and the parties agree that any refusal to comply or other breach of the terms of this Agreement by the Prepaid Board, Board of Governors, or any of the state universities shall justify an injunction, mandamus, or other relief to compel compliance.

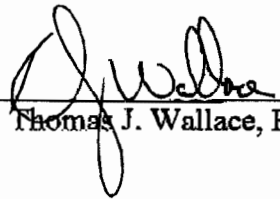
3. In the event a party seeks to enforce the terms of this Agreement, in addition to any other relief, the prevailing party shall be entitled to recover a reasonable attorney's fees and costs involved in bringing such action.

J. This Agreement shall take effect on the Effective Date.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their respected officers thereunto duly authorized on the day and year first above written.

FLORIDA PREPAID COLLEGE BOARD

By: 
Ted Hoerner, Chairman


Attest: Thomas J. Wallace, Executive Director

FLORIDA BOARD OF GOVERNORS

By: _____
Sheila M. McDevitt, Chair

Attest: Mary-Anne Bestebreurtje, Secretary


IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their respected officers thereunto duly authorized on the day and year first above written.

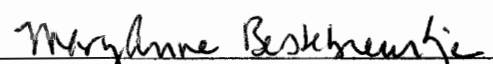
FLORIDA PREPAID COLLEGE BOARD

By: _____
Ted Hoepner, Chairman

Attest: Thomas J. Wallace, Executive Director

FLORIDA BOARD OF GOVERNORS

By: 
Sheila M. McDevitt, Chair


Attest: Mary-Anne Bestebreurtje, Secretary