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MEMORANDUM

To: Board of Governors
From: J. Ben Watkins III
Date: September 7, 2018
Re: Florida Agricultural and Mechanical University – Housing and Dining Financing

As required by Section 1010.62(3)(b)4, Florida Statutes, the Division of Bond Finance ("DBF") has reviewed and analyzed the information provided to support the Florida Agricultural and Mechanical University's (the "University") proposed financing for the refunding and restructuring of the University's existing housing system debt and a new housing facility, which will include a dining facility (the "Project"). Additionally, DBF has also reviewed the Board of Governors ("BOG") staff analysis of the proposed financing and Project. Set forth below are our observations, opinion, and recommendations regarding the proposed financing, and matters DBF believes the BOG should consider in connection with its evaluation of the proposed financing and Project.

As the BOG staff analysis notes, the proposed financing deviates from the BOG Debt Management Guidelines (the "Guidelines") in several respects. However, DBF believes these exceptions to the Guidelines are warranted both to finance the construction of a new housing facility that will replace/add beds to the University's Housing System and, more importantly, to address the longstanding and significant deferred maintenance needs of the University's remaining Housing System facilities. DBF also concurs with the conditions to the requested BOG approval that BOG staff is recommending.

It is imperative that the proposed new housing facility be completed "on time and within budget." The University's Housing System finances are tight and the debt structure has been modified to provide near term financial flexibility and accommodate the new money financing, but any deviation in estimated cost or delay in the planned opening will present financial challenges for the University. To mitigate these risks, DBF believes it is prudent for BOG staff to closely monitor construction progress and provide whatever assistance

the University may need to ensure successful completion and opening of the new student housing facility.

Lastly, we believe it is important for BOG facilities staff to assist the University in developing and implementing a capital outlay plan to address the significant deferred maintenance needs of the University's Housing System. This is a critical component of the comprehensive plan to rehabilitate the University's substandard student housing facilities.

Please contact me if you have any questions regarding this memo or the proposed financing of the Project.

cc: Marshall M. Criser, Chancellor, Board of Governors
Chris Kinsley, Assistant Vice Chancellor, Board of Governors
Wanda Ford, Vice President Finance and Administration, Florida Agricultural
and Mechanical University