

**STATE BOARD OF EDUCATION**

February 18, 2003

**SUBJECT:** A Resolution of the State Board of Education Requesting the Division of Bond Finance of the State Board of Administration to Issue Revenue Bonds on Behalf of Florida Agricultural and Mechanical University to Refinance All or a Portion of Certain Housing Facility Bonds of the University

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**UNIVERSITY AFFECTED:** Florida Agricultural and Mechanical University

**PROPOSED BOARD ACTION**

Adopt a resolution requesting the Division of Bond Finance of the State Board of Administration of Florida to issue revenue bonds on behalf of Florida Agricultural and Mechanical University, in an amount not exceeding \$7,000,000 for the purpose of refinancing all or a portion of the outstanding \$7,400,000 State of Florida, Board of Regents, Florida Agricultural and Mechanical University Student Apartment Facility Revenue Bonds, Series 1992.

**AUTHORITY FOR STATE BOARD ACTION**

Section 1010.60(1), Florida Statutes.

**BACKGROUND INFORMATION**

The Division of Bond Finance is proposing the refinancing of all or a portion of the outstanding \$7,400,000 State of Florida, Board of Regents, Florida Agricultural and Mechanical University Student Apartment Facility Revenue Bonds, Series 1992, of which \$6,350,000 is currently outstanding. The level of debt service savings and annual true interest cost rate achieved will be impacted by market conditions in existence at the time of issuance.

Proceeds from the refunding bonds will be deposited in an escrow defeasance account where they will be invested until needed to make required payments on the original bonds. The amount of the refunding bonds is greater than the currently outstanding principal balance of the original bonds in order to generate an amount sufficient to meet the required payments of principal and interest for the original bonds and the costs associated with the refunding bonds. A savings is realized from the refinancing because the debt service payments for the larger amount of new bonds is lower than the debt service payments for the original bonds.

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**Supporting Documentation Included:** Requesting Resolution

**Facilitators/Presenters:** Wayne V. Pierson