

ITEM:

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 the State University System of Florida to Refinance All or a Portion of Certain Revenue Certificates of the State University System

UNIVERSITIES AFFECTED: All

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 the State University System of Florida, in an amount not exceeding \$58,000,000 for the purpose of refinancing all or a portion of the outstanding State of Florida, Board of Regents, University System Improvement Revenue Refunding Certificates, Series 1993.

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 \$92,210,000 State of Florida, Board of Regents, University System Improvement Revenue Refunding Certificates, Series 1993, of which \$58,665,000 is currently outstanding. Of this amount, it is anticipated that all or a portion of a principal amount of \$53,295,000 will be refunded. 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.

Supporting Documentation Included: Requesting Resolution

Facilitator/Presenter: Wayne V. Pierson