

ITEM: _____

FLORIDA BOARD OF EDUCATION

October 24, 2002

SUBJECT: Resolution of the Florida Board of Education Authorizing the Issuance of Not to Exceed \$17,500,000 University of Central Florida Housing Revenue Refunding Bonds to Refinance All or a Portion of Certain Outstanding Bonds of the University

UNIVERSITY AFFECTED: University of Central Florida

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 University of Central Florida, in an amount not exceeding \$17,500,000 for the purpose of refinancing all or a portion of the outstanding \$19,080,000 State of Florida, Board of Regents, University of Central Florida Student Apartment Facility Revenue Bonds, Series 1992.

BACKGROUND INFORMATION

The Division of Bond Finance is proposing the refinancing all or a portion of the outstanding \$19,080,000 State of Florida, Board of Regents, University of Central Florida Student Apartment Facility Revenue Bonds, Series 1992, of which \$15,615,000 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 into an escrow defeasance account where they will be invested until needed for each debt service payment for the original bonds. Since the investment rate for the escrow account is lower than the bond yield for 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 debt service payments when due for the original bonds. A savings is realized from the refinancing because the debt service payments for the larger amount of new bonds (which includes the cost of refinancing) is lower than the debt service payments for the original bonds.

Supporting Documentation Included: Requesting Resolution

Other Support Documents Available : Financing Schedules for the Series 1992 Bonds

Facilitators/Presenters: Wayne V. Pierson