

AGENDA

MEETING OF THE
STATE BOARD OF ADMINISTRATION
(Contact Person: Dorothy Westwood – (850) 488-4406)
THE CAPITOL
TALLAHASSEE, FLORIDA
DECEMBER 7, 2004

1. APPROVAL OF MINUTES FROM THE MEETING ON NOVEMBER 23, 2004.
(Att. #1)

(ACTION REQUIRED)

2. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$340,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2005 SERIES (TO BE DETERMINED):

(ACTION REQUIRED)

The Division of Bond Finance of the State Board of Administration (the Division), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount Not Exceeding \$340,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2005 Series (to be determined) (the Bonds) for the purpose of refunding a portion of the outstanding 1995 Series A and 1995 Series C Bonds; provided, however, that none of the said Bonds shall be issued in excess of the amount, which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992 and the Thirty-fourth Supplemental Authorizing Resolution and the Sale Resolution adopted by the State Board of Education on November 16, 2004.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, Series 1985 through 2004 Series B of which \$8,999,785,000 in principal amount was outstanding and unpaid on October 31, 2004. The State Board of Education has requested approval as to fiscal sufficiency for an amount not exceeding \$363,400,000 Public Education Capital Outlay Bonds, 2002 Series [letter designation(s) to be determined] (of which \$163,400,000 remains unissued) (the Previously Approved Bonds). The proposed Bonds shall be junior, inferior, and subordinate to the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds Series 1985 through 1989-A as to lien on and source and security for payment from the Gross Receipts Taxes. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1993 Series A through 2004 Series B and, if issued, the Previously Approved Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Gross Receipts Tax, indicate that the proposed Bonds and all other outstanding bonds having a lien

on the Gross Receipts Tax are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the fiscal sufficiency of the proposal outlined above. (Att. #2)

3. **APPROVAL OF FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING \$13,700,000 TAX EXEMPT FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2004 SERIES (SERIES TO BE DESIGNATED) (CLARCONA GROVES APARTMENTS):**

(ACTION REQUIRED)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$13,700,000 Tax Exempt Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2004 Series (series to be designated) (the Bonds) for the purpose of financing the construction of a multifamily rental development located in Orange County, Florida (Clarcona Groves Apartments).

The Bonds shall not constitute an obligation, either general or special, of the State or of any local government thereof; neither the State nor any local government thereof shall be liable thereon. Neither the full faith, revenue, credit nor taxing power of the State of Florida, or any local governments thereof shall be pledged to the payment of the principal of, premium (if any), or interest on the Bonds. The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor.

RECOMMENDATION: It is recommended that the Board approve the fiscal determination of the proposal outlined above. It is further recommended that, pursuant to the fiscal determination requirements of Subsection 16(c) of Article VII of the revised Constitution of 1968, the Board find and determine that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any other aspect of this bond issue except for fiscal determination. (Att. #3)

4. **REPEAL OF PREVIOUS FISCAL SUFFICIENCY RESOLUTION ADOPTED ON NOVEMBER 9, 2004, FOR THIS PROPOSED BOND ISSUE AND APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$13,550,000 STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM, UNIVERSITY OF CENTRAL FLORIDA PARKING FACILITY REVENUE BONDS, SERIES 2004A:**

(ACTION REQUIRED)

The Division of Bond Finance of the State Board of Administration (the Division) has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$13,550,000 State of Florida, Florida Education System, University of Central Florida Parking

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Facility Revenue Bonds, Series 2004A (the 2004 A Bonds), for the purpose of financing a portion of the costs of constructing a parking facility on the main campus of the University of Central Florida, providing for capitalized interest, if any, funding a reserve account, purchasing a municipal bond insurance policy, and paying certain costs associated with the issuance and sale of the Bonds.

Fiscal sufficiency was approved by the Board on November 9, 2004, for these 2004A Bonds. However, the Division of Bond Finance recently discovered accounting errors in the forecast of pledged revenues by the University of Central Florida which was the basis for the previous fiscal sufficiency approval (see letter from Ben Watkins dated November 24, 2004, Att. #4).

The new estimates of pledged revenues for the 2004A Bonds, while less than previously forecast, remain sufficient to show adequate debt service coverage for the 2004A Bonds. For this reason, the previously adopted Fiscal Sufficiency Resolution for the 2004A Bonds should be repealed, and fiscal sufficiency approved, using the most recent forecast pledged revenues. This Resolution accomplishes both objectives for the proposed 2004A Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues indicate that the proposed bonds and all other outstanding bonds having a lien on the Pledged Revenues are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board repeal the previous Fiscal Sufficiency Resolution adopted on November 9, 2004, and approve the fiscal sufficiency of the Series 2004A Bonds as set forth above. (Att. #4)

- 5. REPEAL OF PREVIOUS FISCAL SUFFICIENCY RESOLUTION ADOPTED BY THE BOARD ON NOVEMBER 9, 2004, AND APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$5,350,000 STATE OF FLORIDA, FLORIDA EDUCATION SYSTEM, UNIVERSITY OF CENTRAL FLORIDA PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

(ACTION REQUIRED)

The Division of Bond Finance of the State Board of Administration (the Division) has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$5,350,000 State of Florida, Florida Education System, University of Central Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) (the Refunding Bonds), for the purpose of refunding all or a portion of the callable 1995 Bonds, purchasing a municipal bond insurance policy and paying certain costs associated with the issuance and sale of the Bonds.

Fiscal sufficiency was approved by the Board on November 9, 2004, for these Refunding Bonds. However, the Division of Bond Finance recently discovered accounting errors in the forecast of pledged revenues by the University of Central Florida which was the basis for the

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previous fiscal sufficiency approval (see letter from Ben Watkins dated November 24, 2004, Att. #5).

The new estimates of pledged revenues for the Refunding Bonds, while less than previously forecast, remain sufficient to show adequate debt service coverage for the Refunding Bonds. For this reason, the previously adopted Fiscal Sufficiency Resolution for the Refunding Bonds should be repealed, and fiscal sufficiency approved, using the most recent forecast pledged revenues. This Resolution accomplishes both objectives for the proposed Refunding Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues indicate that the proposed bonds and all other outstanding bonds having a lien on the Pledged Revenues are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the repeal of the previous fiscal sufficiency resolution for these Refunding Bonds, adopted on November 9, 2004, and approve fiscal sufficiency of the Refunding Bonds as set forth above. (Att. #5)

6. REAPPOINTMENT OF INVESTMENT ADVISORY COUNCIL MEMBER:

(ACTION REQUIRED)

Mr. Stipanovich requests approval of the reappointment of Mr. James Dahl to the Investment Advisory Council. (Att. #6)

7. ANNUAL REPORT ON CORPORATE GOVERNANCE FOR FY 2003-2004.

(INFORMATION ONLY)

The attached FY 2003-2004 report summarizes the corporate governance activities of the State Board of Administration from July 1, 2003 through June 30, 2004. The report highlights selected shareholder issues, significant governance reforms, amendments to proxy voting guidelines, sections on Northern Ireland and Cuba as well as operational statistics. (Att. #7)