



Agenda
Edison State College Financing Corporation (the "Corporation")
Lee Campus - Board Conference Room 1-228
May 20, 2014
4:00 p.m.

I. Public Comment

II. Vote to Take Action On:

1. Approval of Minutes Regular Meeting March 18, 2014. (Presenter: John Noland) (Page 1)
2. Approve the amendment of Articles of Incorporation to change the corporate name to Florida SouthWestern State College Financing Corporation. (Presenter: Mark Lupe)(Page 4)

III. Information Only

3. Edison State College Financing Corporation 4th Quarter Financial Statements and Investment Report. (Presenter: Gina Doeble) (Page 6)
4. Edison State College Financing Corporation Interest Rate Swap Agreement Market Valuation. (Presenter: Gina Doeble) (Page 11)

Board Members' Comments

President's Comments

Adjournment



Financing Corporation

Minutes
Edison State College Financing Corporation (the "Corporation")
Lee Campus – Board Conference Room, I-228
March 18, 2014
4:00 p.m.

The Edison State College Financing Corporation met in Lee County, Florida, on March 18, 2014 at 4:01 p.m. with the meeting called to order by John Noland, Chair.

Members Present: Jeffery Allbritten, D.A., Corporation President
John Noland, Chair
Eddie Webb, III, Vice Chair
Mary Lee Mann
Randall Parrish, Jr., O.D.
Christopher Vernon

Members Absent: David Hall, Secretary

Others Present: Gina Doeble, Treasurer
June Hollingshead, Recorder
Valerie Miller, Recorder
Mark Lupe, General Counsel
Debbie Kivel, DSO Finance

Public Comment: None

Vote to Take Action On:

Agenda Item #1. Approval of Minutes Regular Meeting January 21, 2014 (Presenter: John Noland) (Page 1)

MOTION by Mr. Vernon, seconded by Mrs. Mann, to approve the minutes of the regular meeting January 21, 2014, as presented. Approved unanimously.

Agenda Item #2. Approval of Personal Services Agreement for Financial, Accounting and Legal Services (Presenter: Mark Lupe) Page 3)

MOTION by Mr. Webb, seconded by Dr. Parrish, to approve as presented. Approved unanimously.

Agenda Item #3. Approval of Lease Agreement with Edison State College for the use of the Edison Collegiate High School, Charlotte Campus (Presenter: Mark Lupe) (Page 10)

Agenda Item #4. Approval of Lease Agreement with Edison State College for the use of the Edison Collegiate High School, Lee Campus (Presenter: Mark Lupe) (Page 17)

MOTION by Mr. Webb, seconded by Dr. Parrish, to approve both items as presented. Approved unanimously.

Agenda Item # 5. Approval of a Personal Services Agreement with the District Board of Trustees of Edison State College for Personal Services for Financial, Accounting and Legal Services (Presenter: Mark Lupe) (Page 24)

MOTION by Mr. Vernon, seconded by Mrs. Mann, to approve with some minor edits on the contract. Approved unanimously.

Agenda Item #6. Adoption of the 2013-14 Budget (Presenter: Gina Doeble) (Page 35)

Mr. Vernon requested that there be comprehensive review swap rate analysis at the next meeting.

MOTION by Mr. Webb, seconded by Mrs. Mann, to accept the Financing Corporation budget for FY 2014-2015, as presented. Approved unanimously.

Agenda Item #7. Discussion and Approval of the Dates, Time and Location for the Regular Meeting Schedule for April 1, 2014 — March 31, 2015

Accepted unanimously without a vote, per Chair Nolan.

Agenda Item #8. Election of Director

Dr. Parrish's position expires on April 17, 2014; however, he agreed to continue for another term.

MOTION by Mr. Vernon, seconded by Mrs. Mann, to approve Dr. Parrish serving an additional term as a Director of the Financing Corporation. Approved unanimously.

Agenda Item #9. Election of Chair
Agenda Item #10. Election of Vice Chair

MOTION by President Allbritten, seconded by Mr. Vernon, to have Mr. Noland and Mr. Webb to serve as Chair and Vice Chair respectively for an additional term. Approved unanimously.

Board Member Comment

- Mrs. Mann noted that several of the contracts presented have the language of “administer contract for auxiliary enterprises” which is not a function of the Financing Corporation. Mr. Lupe will research the Financing Corporation Charter to see if this language can be removed, and he will report back at the next meeting.

President’s Comments

- President Allbritten gave an update on the athletics at Edison. Mr. Carl McAloose, Director, Intercollegiate Athletics, has been hired and is busy working on our athletic program.
- We are having a positive response to the conceptual design of the Recreation Center. The facility will be very flexible and will accommodate community events as well as student athletics. Mr. Lou Traina, Vice President for Institutional Advancement, is preparing a capital campaign to finance the center.
- The Senate approved the College’s name change today and it will move forward to the House of Representatives.

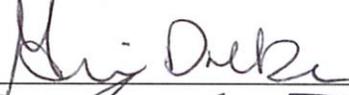
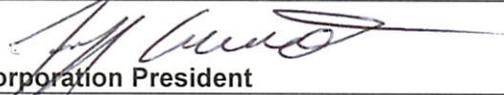
Adjournment – The meeting was adjourned at 4:46 p.m.

Dr. Jeffery S. Allbritten
Corporate President
Board of Directors

David Hall, Secretary
Board of Directors

Date

Date

| EDISON STATE COLLEGE FINANCING CORPORATION Agenda Item Summary | |
|--|---|
| Meeting Date: May 20, 2014 | |
| 1. Action Requested/Purpose Motion to approve the amendment of Articles of Incorporation of Edison State College Financing Corporation to change the corporate name to Florida SouthWestern State College Financing Corporation. The name change shall be subject to the Governor's final approval of SB 236 and shall become effective on July 1, 2014. | |
| 2. Fiscal Impact _____ Yes ___X___ No _____ N/A | |
| 3. Funding Source: _____ N/A _____ Amount: \$ _____ | |
| 4. Administration Recommendation: Approval of the amendment to the Articles of Incorporation subject to the Governor's final approval of SB 236. | |
| 5. Agenda Item Type: <input checked="" type="checkbox"/> Action Item <input type="checkbox"/> Consent Agenda <input type="checkbox"/> Information Only <input type="checkbox"/> Board Requested Information/Report | 8. Requirement/Purpose (Include Citation) <input type="checkbox"/> Statute <input type="checkbox"/> Administrative Code <input checked="" type="checkbox"/> Other The proposed amendment is necessary so that the corporate name continues to be aligned with the statutory name of the College. |
| 9. Background Information: <div style="height: 100px;"></div> | |
| Requested By |  General Counsel |
| Funding Verified |  |
| Approved For Agenda |  Corporation President |

2014236er

1
2 An act relating to the renaming of Florida College
3 System institutions; amending s. 1000.21, F.S.;
4 renaming Edison State College and Pasco-Hernando
5 Community College as "Florida SouthWestern State
6 College" and "Pasco-Hernando State College,"
7 respectively; providing an effective date.
8

9 Be It Enacted by the Legislature of the State of Florida:
10

11 Section 1. Paragraphs (f) and (s) of subsection (3) of
12 section 1000.21, Florida Statutes, are amended to read:

13 1000.21 Systemwide definitions.—As used in the Florida K-20
14 Education Code:

15 (3) "Florida College System institution" except as
16 otherwise specifically provided, includes all of the following
17 public postsecondary educational institutions in the Florida
18 College System and any branch campuses, centers, or other
19 affiliates of the institution:

20 (f) Florida SouthWestern ~~Edison~~ State College, which serves
21 Charlotte, Collier, Glades, Hendry, and Lee Counties.

22 (s) Pasco-Hernando State ~~Community~~ College, which serves
23 Hernando and Pasco Counties.

24 Section 2. This act shall take effect July 1, 2014.

TABLE 1
EDISON STATE COLLEGE FINANCING CORPORATION
COMPARISON OF CURRENT YEAR ACTUAL TO CURRENT YEAR BUDGET
for Fiscal Year Ending March 31, 2014

| <u>General Operating Budget</u> | | | | | | |
|--|-------------------|-------------------|---------------------------|---------------------------------|---------------------------|--|
| | Original Budget | Revised Budget | Actual (as of 3/31/14) | Variance from Revised Budget | % of Revised Budget | |
| <u>SOURCES OF FUNDS</u> | | | | | | |
| Bandwidth Lease Revenue | \$ 310,800 | \$ 310,800 | \$ 331,880 | \$ (21,080) | 107% | |
| Auxiliary Fund Revenue | - | - | - | - | 0% | |
| High School Lease Revenue | 200,000 | 200,000 | 221,145 | (21,145) | 111% | |
| Miscellaneous Revenue | - | - | 4,070 | (4,070) | 100% | |
| Investment Income | 100,000 | 100,000 | 78,205 | 21,795 | 78% | |
| Grant Revenue | - | 2,000 | - | 2,000 | 0% | |
| Total Funds Available | \$ 610,800 | \$ 612,800 | \$ 635,300 | \$ (22,500) | 104% | |

| | | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|------------------|--------------|--|
| <u>USES OF FUNDS</u> | | | | | | |
| Operating Expenses | \$ 71,135 | \$ 71,135 | \$ 49,191 | \$ 21,944 | 69.2% | |
| Insurance | 161,724 | 193,385 | 147,690 | 45,695 | 76.4% | |
| Rentals | 16,200 | - | - | - | 0.0% | |
| Contract Services | 61,500 | 48,039 | 80,375 | (32,336) | 167.3% | |
| Total Expenses | \$ 310,559 | \$ 312,559 | \$ 277,256 | \$ 35,303 | 88.7% | |

| <u>Housing Budget</u> | | | | | | |
|--------------------------------|---------------------|---------------------|---------------------------|---------------------------------|---------------------------|--|
| | Original Budget | Revised Budget | Actual (as of 3/31/14) | Variance from Revised Budget | % of Revised Budget | |
| <u>SOURCES OF FUNDS</u> | | | | | | |
| Rent Revenue | \$ 1,701,264 | \$ 1,701,264 | \$ 2,086,347 | \$ (385,083) | 122.6% | |
| Resident Activity Fee | 19,008 | 19,008 | 25,500 | (6,492) | 134.2% | |
| Application Fees | 26,000 | 26,000 | 64,694 | (38,694) | 248.8% | |
| Fines & Penalties | - | - | 12,387 | (12,387) | 100.0% | |
| Funding from Bond | 550,916 | 550,916 | 548,351 | 2,565 | 99.5% | |
| Total Funds Available | \$ 2,297,188 | \$ 2,297,188 | \$ 2,737,278 | \$ (440,090) | 119.2% | |

| | | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|-------------------|--------------|--|
| <u>USES OF FUNDS</u> | | | | | | |
| Operating Expenses | \$ 256,909 | \$ 279,779 | \$ 192,679 | \$ 87,100 | 68.9% | |
| Rentals | - | 4,000 | 261 | 3,739 | 6.5% | |
| Utilities | 251,254 | 257,458 | 196,552 | 60,906 | 76.3% | |
| Contract Services | 176,763 | 169,567 | 155,592 | 13,975 | 91.8% | |
| Reserves | 75,000 | 75,000 | - | 75,000 | 0.0% | |
| Resident Activities | 19,008 | 19,008 | 10,485 | 8,523 | 55.2% | |
| Interest Expense | - | 960,903 | 921,804 | 39,099 | 95.9% | |
| Debt Service Payments | 1,518,253 | 548,350 | 548,351 | (1) | 100.0% | |
| Total Expenses | \$ 2,297,188 | \$ 2,314,065 | \$ 2,025,724 | \$ 288,341 | 88.2% | |

TABLE 2
EDISON STATE COLLEGE FINANCING CORPORATION
STATEMENT OF NET POSITION
March 31, 2014
UNAUDITED

| | <u>FY 2014</u> | <u>FY 2013</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 2,292,056 | \$ 1,497,820 |
| Accounts Receivable | (111,988) | - |
| Prepaid Insurance | 60,607 | 51,772 |
| Due from College | 628,184 | 102,308 |
| Total Current Assets | <u>2,868,859</u> | <u>1,651,900</u> |
| NONCURRENT ASSETS | | |
| Investments | 5,389,515 | 5,527,817 |
| Restricted Cash and Cash Equivalents | 1,770,799 | 2,321,001 |
| Bond Issuance Costs, Net | 286,866 | 297,590 |
| Capital Assets, Net | 20,888,061 | 21,459,832 |
| Total Noncurrent Assets | <u>28,335,241</u> | <u>29,606,240</u> |
| Total Assets | <u>\$ 31,204,100</u> | <u>\$ 31,258,140</u> |
| DEFERRED OUTFLOW OF RESOURCES | 1,538,254 | 2,300,988 |
| LIABILITIES AND NET POSITION | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 43,815 | \$ 149,417 |
| Deferred Revenue | 563,254 | 213,264 |
| Interest Payable | - | 81,567 |
| Bonds Payable - Current | 563,830 | 543,378 |
| Total Current Liabilities | <u>1,170,899</u> | <u>987,626</u> |
| NONCURRENT LIABILITIES | | |
| Bonds Payable - Noncurrent | 24,557,878 | 25,126,681 |
| Total Noncurrent Liabilities | 24,557,878 | 25,126,681 |
| Total Liabilities | 25,728,777 | 26,114,307 |
| DEFERRED INFLOW OF RESOURCES | 1,538,254 | 2,300,988 |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | (3,946,781) | (1,567,507) |
| Restricted for Debt Services | 1,770,799 | 2,321,001 |
| Unrestricted | 7,651,305 | 4,390,339 |
| TOTAL NET POSITION | <u>5,475,323</u> | <u>5,143,833</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 31,204,100</u> | <u>\$ 31,258,140</u> |

TABLE 3
EDISON STATE COLLEGE FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2014
UNAUDITED

| | <u>FY 2014</u> | <u>FY 2013</u> |
|---|---------------------|---------------------|
| OPERATING REVENUES | \$ 2,057,384 | \$ 1,471,563 |
| OPERATING EXPENSES | | |
| Utilities and Communications | 321,502 | 283,163 |
| Contractual Services | 286,918 | 460,600 |
| Other Services and Expenses | 202,325 | 1,107,194 |
| Materials and Supplies | 22,082 | 518,771 |
| Depreciation | 582,494 | 401,432 |
| TOTAL OPERATING EXPENSES | <u>1,415,321</u> | <u>2,771,160</u> |
| OPERATING GAIN | <u>642,063</u> | <u>(1,299,597)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest Income | 136,027 | 128,509 |
| Edison State College - EBS Royalties | 311,880 | 285,854 |
| Edison State College - Charter School Lease | 221,145 | 299,945 |
| Net Realized and Unrealized Loss on Investments | (57,822) | (45,919) |
| Interest expense on capital asset-related debt | (921,804) | (660,247) |
| NET NON-OPERATING REVENUES (EXPENSES) | <u>(310,574)</u> | <u>8,142</u> |
| CHANGE IN NET POSITION | 331,489 | (1,291,455) |
| NET POSITION, BEGINNING OF YEAR | <u>5,143,834</u> | <u>6,435,288</u> |
| NET POSITION, END OF YEAR | <u>\$ 5,475,323</u> | <u>\$ 5,143,833</u> |

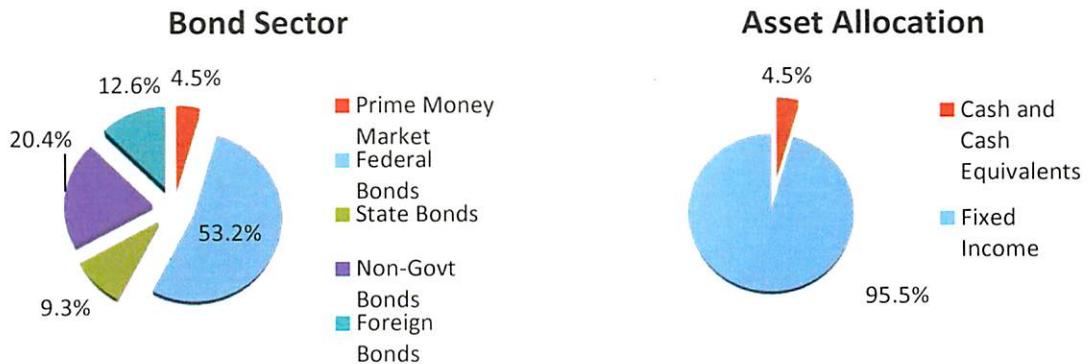
Edison State College Financing Corporation
Executive Investment Summary
Third Quarter Ending 3-31-2014

Investment Strategy

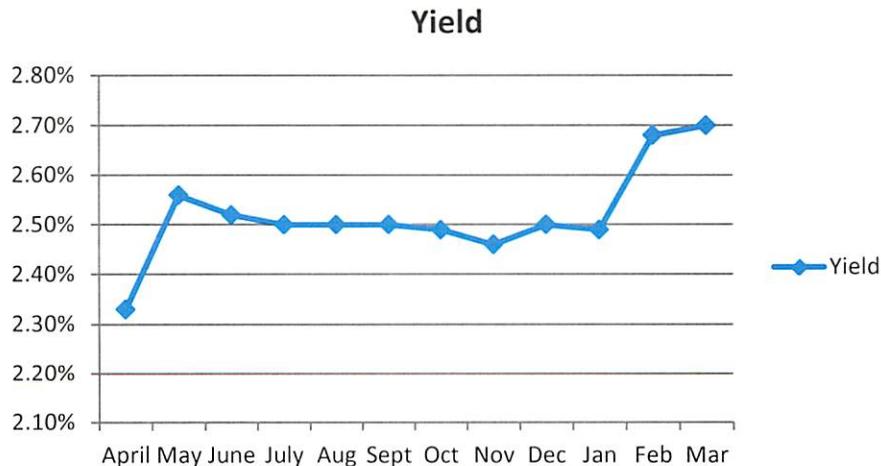
Investments will be limited to U.S. Treasuries, Government agency debt (including Agency mortgage-backed securities), taxable municipal bonds, and corporate bonds with the following portfolio limitations:

- Maximum allocation to taxable municipal bonds shall be 25%.
- Maximum allocation to corporate bonds shall be 25%.
- The minimum allocation to Government agency and agency mortgage-backed securities shall be 50%, with the additional provision that the maximum allocation to agency mortgage-backed securities shall be 20%. The Financing Corporation’s policy limits investments to U.S. Treasuries, U.S. Government Agency Bonds, and Corporate Bonds. All investments must be rated AA or better by any of the three rating agencies. The policy prescribes a final maturity of 3.5 years for any single issue.

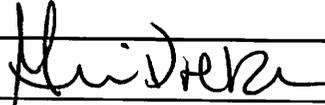
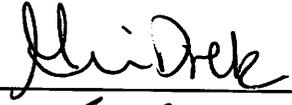
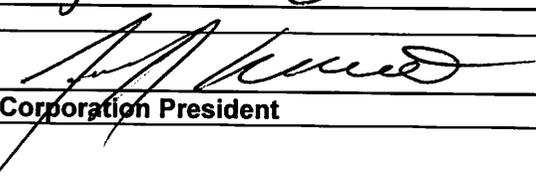
Investment Allocation



Investment Earnings



As of March 31, 2014 the Financing Corporation Portfolio had a market value of \$5,639,589. Through the fourth quarter ended March 31, 2014 the Financing Corporation had recorded investment income gross of unrealized gain/loss of \$135,313. This represents FineMark investments only.

| EDISON STATE COLLEGE FINANCING CORPORATION Agenda Item Summary | |
|--|--|
| Meeting Date: 5/20/2014 | |
| 1. Action Requested/Purpose: <p style="margin-left: 40px;">Edison State College Financing Corporation Interest Rate Swap Agreement Market Valuation</p> | |
| 2. Fiscal Impact: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | |
| 3. Funding Source: Amount: \$ | |
| 4. Administration Recommendation: | |
| 5. Agenda Item Type: <input type="checkbox"/> Action Item <input type="checkbox"/> Consent Agenda <input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Board Requested Information/Report | 8. Requirement/Purpose (Include Citation) <input type="checkbox"/> Statute <input type="checkbox"/> Administrative Code <input type="checkbox"/> Other |
| 9. Background Information: On December 23, 2010, the Financing Corporation entered into an interest rate swap agreement (Swap) with BB&T for the purpose of hedging its variable interest rate risk on the tax-exempt loan. The Swap provides that the Financing Corporation, pay an annual fixed rate of 3.66 percent effective July 1, 2012, and terminating December 17, 2017. The term and notional amount of the Swap will not exceed the term and principal amount of the tax-exempt loan. The market valuation is for information purposes only. | |
| Requested By: |  _____ Corporation Treasurer |
| Funding Verified by: |  _____ |
| Approved For Agenda by: |  _____ Corporation President |

**Edison State College Financing Corporation
Monthly SWAP Agreement Market Valuation**

| Valuation Date | Outstanding Notional | Effective Date | Maturity Date | Total Value |
|---------------------------|---------------------------------|---------------------------|--------------------------|------------------------|
| 10/31/2013 \$ | 25,714,752.99 | 7/1/2012 | 12/17/2017 | (1,857,125.26) |
| 11/29/2013 \$ | 25,670,364.63 | 7/1/2012 | 12/17/2017 | (1,849,141.37) |
| 12/31/2013 \$ | 25,623,234.05 | 7/1/2012 | 12/17/2017 | (1,654,952.71) |
| 1/31/2014 \$ | 25,578,558.04 | 7/1/2012 | 12/17/2017 | (1,694,939.83) |
| 2/28/2014 \$ | 25,533,741.61 | 7/1/2012 | 12/17/2017 | (1,686,259.92) |
| 3/31/2014 \$ | 25,481,017.80 | 7/1/2012 | 12/17/2017 | (1,538,253.93) |
| 4/30/2014 \$ | 25,435,894.79 | 7/1/2012 | 12/17/2017 | (1,545,890.30) |