



April 20, 2016

Dear University Presidents:

The Board of Governors adopted debt management guidelines in 2006 for the state universities and their direct support organizations in the interest of adopting sound debt management practices. These guidelines state:

“...it is recognized that credit ratings are critical. Therefore, for all publicly offered debt: a) For existing bond programs, universities and DSOs shall strive to maintain or improve current credit ratings without adversely impacting the amount of debt which may be issued for any particular program....”

The universities and their DSOs have seen stable to improving ratings over the past 10 years. Both the Board of Governors and the Division of Bond Finance (DBF) endeavor to maintain strong relationships with the three primary rating agencies (Moody's, Standard & Poors and Fitch), and have encouraged the rating agencies to discuss any concerns or questions about a university or DSO with us, so that a state perspective can be offered.

However, a recent university and DSO downgrade action was taken by Standard and Poors with no notice or consultation to either the Board of Governors Office (Board Office) or the DBF.

As the authorizing entity for university and DSO debt, it is imperative for the Board of Governors, through the Board Office, to participate in any discussions with rating agencies that may impact credit ratings. Likewise, since the rating of the sovereign entity is a significant factor in the credit analysis of any public university, it critical for DBF, to participate in those discussions. In order to coordinate a collective effort to maintain and improve all credit ratings system-wide, the following protocols are being implemented, effective immediately:

- a) The university or DSO must notify the Board Office and the DBF in advance of contacting the rating agency; for example, preparatory to scheduling a new or refunding bond series, or considering a public private transaction.

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- b) The university or DSO must notify the Board Office and the DBF via e-mail or phone call when a rating agency requests to schedule surveillance calls or site visits. The Board Office and the DBF will coordinate with the university and/or DSO, on the appropriate level of engagement by the Board Office and the DBF for any given call, draft report, site visit, etc.
- c) The Board Office and DBF must be copied on any communications between the university and/or the DSO and any rating agencies.
- d) When the rating agency publishes their final rating action, the Board Office and the DBF must be notified the same day.

Notification should be to Chris Kinsley at Chris.Kinsley@flbog.edu and Ben Watkins at Ben.Watkins@sbafla.com.

This action is intended to improve the communications between the universities, rating agencies, Board Office and the DBF to avoid similar issues that recently came to light. We will ensure the credit rating agencies are aware of these new protocols as well but recognize that the success of a coordinated approach to communications with rating agencies requires the collaborative effort of this office, DBF, the universities and the DSOs.

Sincerely,



Marshall Criser, Chancellor

C: Tom Kuntz, Chair, Board of Governors
Ned Lautenbach, Vice-Chair, Board of Governors
Wayne Huizenga, Chair, Facilities Committee
Tim Jones
Chris Kinsley
Ben Watkins, DBF
CAFA