

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS**

January 25, 2023

**SUBJECT:** Florida Polytechnic University - Authorization to Issue Debt; \$76M for On-Campus Housing

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**PROPOSED BOARD ACTION**

Adopt a resolution authorizing the issuance of tax-exempt debt in an amount not to exceed \$76M (the "Debt") by the Division of Bond Finance, on behalf of Florida Polytechnic University, to finance the acquisition of an existing dormitory ("Phase II") and the construction of a new dormitory ("Phase III") located on the university's campus (collectively, the "Project").

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; State University System Debt Management Guidelines (Guidelines).

**BACKGROUND INFORMATION**

Phase II is a 131,500 sq. ft. facility with 539 beds, built in 2016 as an on-campus P3 project. Florida Polytechnic University (University or FL Poly) is exercising its right to purchase Phase II at a pre-negotiated price of \$26.5M, in accordance with the ground lease agreement with the original developer/owner, Vestcor. Comparatively, the proposed Phase III is not a P3; it will be financed and operated by the University. This planned 136,900 sq. ft. facility will cost \$39.8M and provide 430 new beds. Construction is expected to begin in March 2023 with substantial completion in August 2024. The private firm Brailsford & Dunlavey conducted a demand analysis, concluding that sufficient demand exists to support Phase III.

Overall, the Project will provide FL Poly greater control in addressing excess, unmet demand for on-campus housing and, importantly, provide vital support for planned enrollment growth.

The Debt will be issued with a term of 30 years, a fixed rate of interest, and will be secured by a first lien on Project net revenues. The University plans for rental rate increases of up to 9%, 4.5%, and 4.5% in fiscal years 2024, 2025, and 2026, respectively, and up to 3% annually thereafter, as approved by the University board of trustees.

The proposed financing complies with Florida Statutes governing university debt issuance. However, there is one exception to the Guidelines; specifically, the Debt will be issued with non-level annual debt service due to the deferral of principal amortization until 2026. This was deemed necessary to help the Project operationally stabilize and maintain satisfactory debt service coverage.

The Project was approved by the University's board of trustees on October 18<sup>th</sup>, 2022 and December 8, 2022, and it is consistent with FL Poly's approved campus master plan.

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**Supporting Documentation Included:** Information contained in the Facilities Committee materials