

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

November 9, 2023

**SUBJECT:** Authorization to Issue Debt by Florida Agricultural and Mechanical University for Student Housing

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**PROPOSED BOARD ACTION**

Adopt a resolution authorizing the issuance of taxable debt in an amount not to exceed \$102.9M by the Division of Bond Finance, on behalf of Florida Agricultural & Mechanical University, and further authorizing the university's Board of Trustees to participate in the U.S. Department of Education's Historically Black College and University Capital Financing Program for the purpose of financing the construction of a new student housing facility on the university's main campus.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

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

**BACKGROUND INFORMATION**

Florida Agricultural and Mechanical University (the "University" or "FAMU") is seeking authorization to finance the construction of a new student housing facility (the "Project") on its main campus. The Project will be financed with \$102.9M of debt (the "Bonds") issued by the U.S. Department of Education's Historically Black Colleges and Universities Capital Financing Program (the "USDOE HBCU Program"), which is the same financing utilized in the University's 2018 housing facility & dining hall project.

The Project is identical in design and layout, and will be located next to, the 2018 housing facility. Total project cost of \$102.9M, include design, construction, and equipment of two four-story buildings, representing 182,000 gsf and 700 beds arranged in 350 double-occupancy bedrooms, each with a shared bathroom (1BR/1BA). The Project will primarily serve underclassmen students. Per-bed cost is \$121.4K, which is in-line with other recent SUS student housing projects. The Project is expected to be funded entirely with Bond proceeds, with no cash contribution from the University.

Construction is expected to begin in March 2024 and be completed by June 2025, in time for student occupancy for the Fall 2025 semester.

A feasibility and demand study conducted by Novogradac, a national professional consulting firm, estimated total demand for on-campus housing through FY27 at 2,000 beds, but also recommended the University meet such demand via a phasing-in of several housing projects in the coming years. As such, the Project would represent the first step in a phased approach.

Financing will be provided through the USDOE HBCU Program on a fully amortizing 30-year term, a fixed interest rate, and level debt service. At an assumed rate of 5.25%, annual debt service is estimated at approximately \$6.9M, secured by and payable from a first lien pledge on the University's housing system net revenues. Pro forma

projections of pledged revenues provide debt service coverage of 1.81x in the first year of Project operations, increasing thereafter and, as a whole, exceeding the 1.20x minimum required in the SUS Debt Management Guidelines.

The Project is included in the University's approved Campus Master Plan and was approved by the University's Board of Trustees on September 13, 2023.

Board staff and DBF have reviewed the supporting documentation provided by the University. Based upon this review, the proposed financing appears to be in compliance with Florida Statutes, as well as the SUS Debt Management Guidelines, governing the issuance of university debt.

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**Supporting Documentation:**

Supporting information can be found in the Facilities Committee materials.