

STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
November 6, 2025

SUBJECT: Authorization to Issue Debt – FGCU Employee Housing

PROPOSED COMMITTEE ACTION

Adopt a resolution authorizing the issuance of bonds, in an amount not to exceed \$25M by the Florida Gulf Coast University Financing Corporation, to finance the construction of a new employee housing project on university-owned land.

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 Gulf Coast University (FGCU) is requesting approval to issue Bonds, in an amount not to exceed \$25M, to finance the construction of a new employee housing project (the "Project") on university-owned land two (2) miles north of campus. The Project will consist of 74 unfurnished residential rental units; 56 cottages and 18 townhomes, offered to FGCU faculty and staff (particularly early-career employees) at rental rates approximately 20% less than local market rents, thus providing housing affordability to aid in recruitment and retention. Lease terms will be 12 months, renewable for a maximum duration of three years.

Bonds will be issued through the FGCU Financing Corporation, with the State of Florida Division of Bond Finance (DBF) acting as financial advisor. The debt will not be issued on parity with FGCU's existing (student-specific) housing system debt; it will be considered a new system.

Total Project cost is approximately \$26.7M inclusive of capitalized interest and cost of issuance. Most of the Project cost will be funded from Bond proceeds, with any difference funded via equity contribution from an FGCU auxiliary (administrative overhead) unrestricted reserves.

The Bonds will have a 30-year term, fixed interest rate, and level debt service; however, the principal amount will depend on the credit rating and market conditions at closing. FGCU is requesting a not-to-exceed amount of \$25M in anticipation of fluctuating interest rates, with the goal being to minimize the equity contribution. Ultimately, DBF will size the bonds based on interest rates and a required debt service coverage of 1.20x

Repayment of the Bonds will be secured by a pledge of the Project's net revenues plus annual support payments from the FGCU Foundation as needed and necessary to maintain minimum debt service coverage.

Based on a review of the information provided by FGCU, the proposed Project financing complies with the SUS Debt Management Guidelines and Florida Statutes governing the issuance of university debt.

Supporting Documentation Included:

1. Authorizing Resolution
2. Project Summary
3. Estimated Source & Uses
4. Projected Debt Service Coverage
5. Debt Service Schedule
6. IRR Calculation
7. DBF Memorandum

Facilitators/Presenters:

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