



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA DIVISION OF BOND FINANCE

RON DeSANTIS
GOVERNOR

JAMES UTHMEIER
ATTORNEY GENERAL

BLAISE INGOGLIA
CHIEF FINANCIAL OFFICER

WILTON SIMPSON
COMMISSIONER OF AGRICULTURE

MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

Date: January 21, 2026

Re: University of Florida Dormitory

As required by Section 1010.62, Florida Statutes, the Division of Bond Finance ("DBF") has reviewed all information provided in connection with a proposal by the University of Florida ("UF") to finance the construction of a 1,101-bed student dormitory (the "Project") on the UF's main campus in Gainesville, Florida. DBF has also reviewed the Board of Governors ("BOG") staff analysis of the Project.

The Project is the first step in a 10-year plan expected to exceed \$1 billion to replace old dorms and expand capacity of UF's student housing facilities. The average age of UF's student housing stock is 59 years, which means that several dormitories and residence halls have reached, or are nearing, the end of their useful life. The Project will replace three freshman dorms, each of which were recently demolished after 64 years of service. The Project (1101 beds) will replace the 622 beds that were demolished and add a net total of 479 beds to its housing system. The increase in beds will help address the unmet need to house additional first-year students on campus, the cohort traditionally served by university housing. Historically, over half of UF's undergraduate student housing inventory is occupied by first-year students.

From a technical perspective, UF's proposal meets applicable requirements of law and complies with BOG policy guidelines. Nevertheless, the Project raises certain high-level policy issues that warrant consideration by the BOG. First, the Project cost is significantly higher than historical norms. The elevated cost has implications for the amount of debt needed to finance the Project, and for the rental rates required to support payment of debt service on the bonds. After the proposed issuance, outstanding debt on UF's housing system will more than double from \$238.5M to an estimated \$483.5M with more to follow as additional phases of the 10 year plan are implemented.

The rental rates associated with the Project will be insufficient to cover the Project's cost on a standalone basis, necessitating increases in rental rates for UF's existing housing stock to absorb the increased debt burden on the housing system. The BOG staff analysis provides details of the rental rate increases which are substantial (cumulative 20% over the last four years with another 50% increase over the next five years). Students living in existing housing facilities will pay higher rental rates, effectively subsidizing the cost of the Project. If the full cost of the Project

were covered by the rental rate needed for the Project to generate positive cash flow, they would exceed rental rates of private sector off-campus alternatives. Rebuilding/replacing the UF student housing system will be expensive and rental rates are increasing substantially to cover the cost which must be borne by students, increasing the cost of attending UF.

cc: Raymond Rodrigues, Chancellor, Board of Governors
Kevin Pichard, Director, Finance and Facilities, Board of Governors
Nick Kozlov, Chief Financial Officer, University of Florida
William Starkey, Assistant Vice President & Treasurer, University of Florida