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MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

Date: January 12, 2026

Re: Florida International University 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 Florida International University ("FIU") to finance the construction of a 1,174-bed student dormitory (the "Project") on the university's Modesto A. Maidique main campus. The DBF has also reviewed the Board of Governors ("BOG") staff analysis of the Project.

From a technical perspective, FIU'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 FIU's housing system will more than double from \$117.2M to an estimated \$355.7M, but the number of beds in the system will only increase by 25% (net of 195 beds being demolished).

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 FIU's existing housing stock to absorb the increased debt burden on the housing system. This means that students living in existing housing facilities will pay higher rental rates, effectively subsidizing the cost of the Project. The BOG staff analysis provides details and elaborates further on this dynamic.

Finally, the Project will add beds for the specific purpose of accommodating housing demand from sophomores and upperclassmen. This deviates from the traditional approach by universities and their housing systems which typically added beds to address the need to house more first-year students on campus.

cc: Raymond Rodrigues, Chancellor, Board of Governors
Kevin Pichard, Director, Finance and Facilities, Board of Governors
David Snider, Interim Senior VP and CFO (Fin. & Admin.), Florida Int. University
Benjamin Powell Jarrell, University Treasurer, Florida Int. University