

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

June 25, 2026

SUBJECT: Florida State University N.W. Campus Project – Phase I

PROPOSED BOARD ACTION

Adopt a resolution authorizing the issuance of bonds in an amount not to exceed \$301M by the Division of Bond Finance, on behalf of Florida State University, to finance the construction of a new student housing facility, a new dining hall, and a new parking garage 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

The Project represents phase 1 of a 2-phase plan. The Project (phase 1) will include a 10-story, 1,200-bed residence hall, a 765-seat dining facility, and a 7-level, 930-space parking garage to redevelop the NW quadrant of FSU's main campus, replacing existing aged facilities and infrastructure onsite. The housing component will target first-time-in-college (FTIC) students, offering mostly double-occupancy rooms (and a shared bathroom) as well as some single-occupancy and mixed suites, with the first two floors of the building being mostly dedicated to non-living spaces. The new dining hall will replace the existing 'Seminole Café, while the new parking garage will, in part, replace surface parking 'lost' to the placement of the Project.

Project's total cost, estimated at \$364M, will be funded primarily with bond proceeds and \$61M in University cash (auxiliaries unrestricted reserves). Construction of the parking garage commenced in April 2026, and site work for the new housing facility began in May.

Once completed, the Project will increase FSU's housing system capacity by 13% to 7,543 beds, helping to address persistent excess demand for on-campus housing. Every year, for the past five years, housing applications have exceeded capacity by over 2,600 and housing system occupancy has consistently averaged 99% or more. Furthermore, FSU has indicated that the added parking and dining capacity will be easily absorbed by current and excess demand.

To align housing rental rates with increased costs in the housing system, the FSU Board of Trustees (BOT) previously approved up to 4.5% annual increases between FY23-FY28 (27% cumulative) and is proposing 10% annual increases between FY29-FY31 (30% cumulative, subject to BOT approval in August 2026).

The housing facility's per-bed cost is \$237,000; the highest to date in the SUS. Even if non-living space (1st and 2nd floors, see above) is removed from the calculation, per-bed cost is still roughly \$201K; the 2nd highest in the SUS behind FIU (Miami).

Based on projected revenues and operating expenses, the new student housing facility has an internal rate of return (IRR) of -1.2%. The parking garage's IRR is 24.4%.

The Project will be financed with 30-year, fixed-rate, tax-exempt Bonds, in two issues, not exceeding \$301M (combined), with level debt service. It should be noted that, in an effort to decrease leverage, FSU is taking a conservative approach to the financing structure in that they are using University cash (auxiliary reserves) to pay debt service during construction instead of paying for it with bond proceeds (i.e., financing it), as is often the case.

The Project's student housing component is not financially viable as a stand-alone project; debt service coverage (DSC) is roughly .42x. However, the Bonds will be issued on parity with FSU's existing Housing System debt, thus the existing system's robust operating capacity will subsidize the new housing project's operating deficits, resulting in an overall DSC of over 1.20x (i.e., the minimum required by the SUS Debt Management Guidelines) in all projected years except one; FY28 at 1.18x. However, this DSC is based on the current EDR long-term rate (5.75%) used in State projections. If based on a rate more aligned with current market conditions (e.g., 4.8%) the housing DSC is 1.24x. The parking component's DSC is strong, projected at 2.64x or better.

The Project was approved by the FSU BOT on June 18, 2026; it aligns with the University's approved campus master plan; and the proposed financing plan appears to comply with Florida Statutes. While the housing system's projected DSC is below the Guideline's minimum coverage in one period, as described above, given the circumstances, Board staff does not consider this a material deviation from the Guidelines.

Supporting Documentation Included:

For supporting documents, see Facilities Committee material.