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MEMORANDUM

To: Board of Governors

From: J. Ben Watkins III

Date: June 2, 2026

A handwritten signature in blue ink, appearing to read "J. Ben Watkins III", written over a circular stamp or mark.

Re: Florida State University Northwest Campus

As required by Section 1010.62, Florida Statutes, the Division of Bond Finance (“DBF”) has reviewed all information provided in connection with a proposal (the “Northwest Campus Project”) by Florida State University (“FSU”) to finance the construction of a 1,200-bed student dormitory (the “Dorm Project”) and a 930-space parking garage (the “Parking Project”) on FSU’s main campus. DBF has also reviewed the Board of Governors (“BOG”) staff analysis of the Northwest Campus Project.

From a technical perspective, FSU’s Dorm Project proposal meets applicable requirements of law and complies with BOG policy guidelines in all material respects. Nevertheless, the Dorm Project raises certain high-level policy issues that warrant consideration by the BOG. First, the Dorm Project cost is significantly higher than historical norms. The elevated cost has implications for the amount of debt needed to finance the Dorm Project and for the rental rates required to support payment of debt service on the bonds. Although FSU is contributing cash (\$61 million) to support the Dorm Project, the proposed issuance will increase the outstanding debt on FSU’s housing system by 287% from \$89.2 million to an estimated \$345 million (excluding the portion attributable to dining) with more to follow as additional phases of the housing plan are implemented.

The rental rates associated with the Dorm Project will be insufficient to cover the Dorm Project’s cost on a standalone basis (.3x-.4x debt service coverage), meaning that increases in rental rates for FSU’s existing housing stock will be needed to absorb the increased debt burden on the housing system. The BOG staff analysis provides details of the rental rate increases, which are expected to be 39% on a cumulative basis over the next five years. Students living in existing housing facilities will pay higher rental rates, effectively subsidizing the cost of the Dorm Project. Expanding the FSU student housing system is expensive, and increased rental rates will be needed to cover the cost which is borne by students, increasing the cost of attending FSU.

FSU’s Parking Project meets applicable requirements of law and complies with BOG policy guidelines.

cc: Raymond Rodrigues, Chancellor, Board of Governors
Kevin Pichard, Director, Finance and Facilities, Board of Governors
Kyle Clark, Senior Vice President for Finance & Administration, Florida State University