STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
New College of Florida
Student Housing Transfer & Refinancing, not to exceed $47.5M
"USFSM Campus Transfer to NCF"

Project Summary

Project Description:

New College of Florida Development Corporation ("DSO"), on behalf of New College of Florida ("New College" or "NCF"), is seeking authorization to issue up to $47.5M in debt through tax-exempt and taxable loans (together, the "Debt") sold through private placements with BankUnited and a private investor. The proceeds of the proposed Debt will (i) finance NCF's legislatively-mandated acquisition of the residence hall and student center on the former University of South Florida Sarasota-Manatee campus ("USFSM") and refinance the DSO's outstanding student housing debt; $28.5M and $15.7M, respectively (collectively, the "Project"); (ii) fund an operating and debt service reserve, and (iii) pay costs of issuance associated with the Debt.

BOG approval is required because the Debt will not be a term-to-term refunding (refinancing) for debt service savings. However, the State University System Debt Management Guidelines (the "Guidelines") permit refunding transactions to restructure existing debt if such refunding serves a compelling university interest. NCF has demonstrated a compelling interest, as set forth herein.

New College has been highlighted by State leaders as part of a broader push for academic rigor and structural expansion within the SUS, with the Legislature providing supportive funding via appropriations, such as $65M in 'operational enhancements' (FY24-FY26) and $5.8M for campus remediation (FY26). Furthermore, earlier this year, the Governor signed **House Bill HB5601-E, which approved the transfer of the USFSM campus to New College**. The transfer was effective as of July 1, 2026, subject to NCF arranging financing to defease the USFSM debt on its facilities (and thus acquire the assets) by December 31, 2026.

Currently, the only USFSM facility with outstanding debt is 'Atala Hall' – a 6-story, 100,000 sq. ft. residence hall and student activity center built in 2023.The first floor 'Student Center' acts as a campus student union, while the upper floors (2-6) are residential, comprised of two staff apartments and offices, laundry, multi-purpose rooms, and 200 beds of student housing.

Acquiring Atala Hall will allow NCF to eventually move more students out of hotels and apartments and create a more permanent solution to help address increasing demand for on-campus housing. Furthermore, the addition of Atala Hall to New College's housing system, and the utilization of a system pledge (a pledge of the revenues from Atala Hall and NCF's existing housing facilities), under the proposed financing plan will strengthen NCF's housing system.

The acquisition of Atala Hall is consistent with New College's approved Campus Master Plan, and the proposed financing plan was approved by the NCF Board of Trustees (BOT) on November 3, 2026.

Project Location:

Atala Hall is located on the former USFSM campus, which is being transferred to NCF in accordance with the process set forth in House Bill HB5601-E, less than half a mile immediately north of NCF's campus center, as reflected in the map below.



Demand for the Project:

Over the past five years, NCF's enrollment increased approximately 39% (see chart below), with the undergraduate population primarily fueling this growth, as this population represented, on average, 96% of New College's total enrollment.

New College of Florida - Historical + Projected Enrollment
(Fall Semester; Degree-Seeking Student Headcount)

	Actual					Projected				
Undergraduates	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Actuals	633	671	709	843	865					
Approved Goals	592	610	680	800	862	978	1,098	1,210	1300	
Proposed Goals						*978*	*1,098*	*1,210*	*1,300*	*1,300*

	Actual					Projected				
Graduates	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Actuals	27	20	22	29	50					
Approved Goals	28	20	20	25	25	25	40	40	60	
Proposed Goals						*50*	*60*	*60*	*60*	*60*
Total Student Headcount:	**660**	**691**	**731**	**872**	**915**	***1,003***	***1,138***	***1,250***	***1,360***	***1,360***
Annual Change:	-2.2%	4.7%	5.8%	19.3%	4.9%	9.6%	13.5%	9.8%	8.8%	0.0%

Source: 2026 New College of Florida Accountability Plan

New College has a mandatory live-on-campus requirement for first- and second-year students, which is the primary driver for on-campus housing. However, as enrollment has increased in recent years, NCF has had difficulty accommodating these students, as its existing housing inventory is aged (see chart below) and generally in need of significant renovation. Unmet deferred maintenance has led to beds being removed from the system. For example, closure of the PEI dorms (250 beds) has resulted in the University renting nearby hotel rooms to house a portion of its first- and second-year students; a costly interim fix to an ongoing issue. Additionally, **NCF began leasing approximately 140 of the 200 beds at USFSM's Atala Hall since the fall 2025 semester** to move displaced first- and second year students into a more permanent housing situation.

New College On-Campus Housing

Resident Facility	Unit-Type	Age (yrs)	Fall 2026 Beds
Dort Residence Hall	Apartment	28	75
Goldstein Residence Hall	Apartment	27	76
Palmer B Dorm	Traditional	57	43
V Residence Hall	Apartment	19	33
W Residence Hall	Apartment	19	24
X Residence Hall	Apartment	19	25
Y Residence Hall	Apartment	19	33
Z Residence Hall	Apartment	19	93
Atala Hall	Semi-Suite/Apt.	2	200
Total Beds After Acquisition			**602**

As of Fall 2026, NCF filled 186 beds at Atala Hall. As such, **demand for the project is well established**, as the majority beds in Atala Hall have been filled with NCF students.

In the Spring of 2025, NCF engaged Brailford & Dunlavey ("B&D") to conduct a student housing demand and feasibility study (the "Study"). The Study indicated that demand for on-campus housing will rise to 986 beds by Fall 2028, assuming NCF meets its enrollment projection goals, which will exceed NCF's current inventory (402 beds) by 584 beds. **The Study further identified and supported the permanent utilization of Atala Hall as a priority recommendation,** concluding that the facility would provide an immediate response to growing demand among students while maintaining the financial feasibility of NCF's housing system.

According to NCF, Atala Hall's housing rental rates are expected to be slightly higher than current rates on other (older) on-campus options. NCF nominally raised rental rates over the last several years, but levels remained significantly below market trends, according to the University.

Proposed Rental Rates for Atala Hall *

(200-bed housing facility)

Unit type	Fall 2027
1-Bed/1-Bath (Double-occupancy)	$5,100
2-Bed/1-Bath (Single-occupancy)	$6,550
4-Bed/2-Bath (Single-occupancy)	$6,050

* Per bed per semester

To better align with market trends and help ensure adequate revenues to service the Debt, housing system rental rates will be increased by at least **10% in FY2028 and by at least 5% in FY2029, FY2030, and FY2031.** The pro forma models a 3% escalation annually in FY2032 and beyond. (see attached exhibit '***Projected Debt Service Coverage***.).

Project Cost:

The costs attributable to financing the acquisition of Atala Hall and refinancing NCF's outstanding housing system debt will total over $44M, as follows:

Acquisition of Atala Hall	$28.57M
Refinancing NCF Housing Debt	$15.77M
Total:	**$44.34M**

Debt proceeds in excess of the $44.34M above will fund closing costs associated with the proposed transaction as well as an operating reserve [see attached exhibit "***Sources & Uses of Funds***"].

Financing Structure:

The Debt will consist of two direct placed loans, the proceeds of which will be used for (1) the acquisition of Atala Hall, which will be accomplished with the defeasance of USFSM's outstanding tax-exempt debt for the facility of roughly $28.5M, and (2) the refinancing of the DSO's outstanding housing system debt of approximately $15.57M, from 2006, held by Truist Bank. The two initiatives will be combined into one financing plan accomplished via the issuance of taxable and tax-exempt fixed-rate 'senior' and 'subordinate' notes sold via private placements (also see attached exhibit ***"Consolidated Debt Service Schedule"***).

Senior notes

BankUnited will provide financing totaling approximately $40M for the acquisition of Atala Hall and to refinance a portion of the DSO's housing system debt. The BankUnited financing will have two components:

(1) a $28.57M 30-yr taxable fixed-rate note to finance NCF's acquisition of Atala Hall from USFSM, and

(2) a $11.43M 10-yr tax-exempt note to refinance NCF's existing housing system debt with Truist Bank.

The fixed interest rate will be set prior to closing based on the 5-year Treasury + 2.0% (currently, the indicative rates are 6.83% taxable and 5.40% tax-exempt). The 'Senior' notes will have a first lien on the Pledged Revenues, as defined below. The $28.57M note will have interest-only payments for the first 24 months, with principal amortization and level debt service (approx. $2.3M / yr) beginning in 2030. The $11.43M note will have level debt service (approx.. $1.56M / yr) beginning in 2028.

The $28.5M note is being issued on a taxable basis because USFSM's outstanding tax-exempt debt for Atala Hall is not callable until July 1, 2032, and pursuant to federal tax laws it cannot be refinanced on a tax-exempt basis prior to its call date.

The BankUnited notes will be subject to mandatory tender in late 2032, unless extended as mutually agreed to at that time. NCF will be subject to a 'make whole' provision/penalty should it wish to prepay the 'Senior' notes within 5 years following issuance. The hope is that, at the time the 'Senior' and 'Subordinate' notes (described below) become callable, NCF

will be in a position to refinance the remaining balance of the notes into a single, more typical tax-exempt bond issuance.

Subordinate note

The balance of financing necessary to refinance NCF's existing housing system debt will be accomplished through an accredited investor (a private individual, not a financial institution) who has agreed to provide up to $7.5M in financing. To that extent, the DSO expects to issue a $4.34M 10-yr tax-exempt 'Subordinate' note to refinance the balance. The accredited investor's 'Subordinate' note will have a junior lien on Pledged Revenues, as defined below, and will be subject to mandatory tender in 2032, mirroring the provision on the BankUnited 'Senior' notes. The note will be structured with interest-only payments through the call date (principal amortization does not occur until 2033, assuming the 'call' is extended).

The interest-only payments (deferral of principal amortization)) on the $28.57M 'Senior' note through FY2028 and on the 'Subordinate' note through FY2032 and ascending debt service through FY2033 represent **exceptions to the Guidelines**, which require level debt service of principal and interest payments.

The mandatory tender in 2032 exposes NCF to 'renewal' risk (the ability to refinance) and interest rate risk (rates may be higher) on the approximately $37M of principal that will be outstanding at that time. However, the taxable 'senior' note (the largest exposure) will be eligible for a tax-exempt rate, which might be lower. Also, NCF has a full six years to prepare for the refinancing.

Pledged Revenues:

The Debt will be secured primarily by: (i) a first lien on NCF's housing system net revenues, including Atala Hall; (ii) revenues derived from Student Activity Fees allocable to the 'student center' portion (1st floor) of Atala Hall; and (iii) annual support payments made by New College Foundation, Inc. (the "Foundation"). Collectively, the "Pledged Revenues".

The proposed Debt will utilize a system pledge, which is **preferable to stand-alone project finance according to the Guidelines**, and the addition of Atala Hall **will strengthen the credit quality of the housing system.**

Upon issuance of the Debt, there will be no outstanding liens on the Pledged Revenues or Student Activity Fee other than the proposed 'Senior' and 'Subordinate' loans. According to New College, the DSO and Foundation are committed to ensuring that sufficient revenues will be generated and available to fulfill all obligations with respect to the Debt**.**

As part of the BankUnited loan terms, a **$500k "operating reserve"** (aka: an operating deficit reserve) will be maintained to fund unexpected operating expenses or fund debt service if Pledged Revenue is insufficient. This is 'credit enhancement', providing financial support, and is pledged as security. The reserve will be established by the DSO at closing. NCF has pledged its projected potential 'Event Fees' revenue to replenish amounts withdrawn from the reserve.

Furthermore, the **Foundation will provide financial backing via the terms of the Support Agreement**, as described below, adding to the overall security for the Debt.

Debt Service Coverage: The Debt will be issued as Senior and Subordinate loans, as described, and will represent the only debt outstanding on NCF's housing system (to include Atala Hall). While the housing system is projected to operate above a 'breakeven'1.0x debt service coverage ratio, it does not consistently generate debt service coverage of 1.20x or better until FY2037 (see attached exhibit ***"Projected Debt Service Coverage"***). This represents an **exception to the Guidelines.** Note, since the loans are subject to mandatory tender in 2032, the Debt may be required to refinance at higher interest rates at that time, which could result in lower coverage ratios. To help mitigate risk imparted by the lower coverage, the Foundation will provide a Support Agreement as part of the security, thus committing to annually transfer funds necessary to sustain the housing system's operations as well as ensure that the 'senior' notes comply with BankUnited's annual loan covenants (e.g., minimum 1.10x coverage). As of 10/8/2026, the **Foundation has unrestricted assets of $3,614,034**.

Assessment of Private Sector Alternatives: NCF evaluated several financing structures, including the public private partnership (P3) model, and selected the proposed financing approach because it presented the lowest cost of capital and most appropriate structure in light of circumstances.

Return on Investment: Not applicable.

Method of Sale: Generally, debt should be sold via a public offering (e.g., a competitive or negotiated sale); a private placement is only permitted if it is determined that a public offering is not in the best interests of the University or DSO. In light of the characteristics of the proposed Debt issuance and the time constraints to effectuate the transaction, as well as current market conditions and NCF's lack of history/experience in the public bond market, a private placement of the Debt was not only necessary but is expected to yield the best results in terms of cost and accommodative structure.

Selection of Professionals: All contracted professionals involved in the Project were selected through a competitive process compliant with Florida Statutes and Board regulations. Public Resource Advisory Group will serve as NCF's municipal/financial advisor, and Bryant Miller Olive, PA will serve as Bond Counsel.

Recommendation: Staff of the Board of Governors and the Division of Bond Finance have reviewed the resolution and supporting documentation provided by New College. Based on this review, the proposed financing appears to comply with Florida Statutes. However, the proposed Debt deviates from the State University System Debt Management Guidelines, as follows:

- *Lien Status.* Generally, all debt of a particular program should be secured by a first lien on specified revenues; a subordinate lien is only permitted if a first lien is not available or circumstances require. In this case, a subordinate lien on the housing system revenues for the "Subordinate' note is required because BankUnited financing is limited to $40 million.
- *Debt Service Coverage Ratio.* The projected Pledged Revenues should provide debt service coverage of at least 1.20x for each

year. Projected debt service coverage on the Debt falls below the minimum 1.20x in most years until FY2037 forward.

- *Debt Service Structure.* Generally, debt should be structured on a level debt basis (i.e., so that the annual debt service repayments will be the same in each year), unless it can be demonstrated that a deviation is in the university's best interest. Ascending annual debt service and the deferral of principal amortization (i.e. interest-only payments) do not comply with the requirement for level annual debt service.

Any risk imparted by the above exceptions is mitigated by **financial backing via Support Agreement from the New College Foundation.** Furthermore, the proposed Debt issuance is **necessary to effectuate NCF's legislatively mandated acquisition of the former USFSM campus** and the proposed financing plan **will financially strengthen NCF's Housing System.** As such, staff recommends authorization of the proposed Debt issuance.