Comprehensive Report: New College of Florida $47.5 Million Financing Plan

Analysis of Loan Structure, State Policy Exceptions, Enrollment Projections, Foundation Backing, and Credit Risks | November 2026

Executive Summary

On November 13, 2026, the Florida Board of Governors unanimously approved a $47.5 million private loan package for New College of Florida. The financing enables the institution to retire existing University of South Florida (USF) bond debt on Atala Hall ahead of a December 31, 2026 statutory deadline following its legislative takeover of the USF Sarasota-Manatee campus under House Bill HB5601-E.

Because New College lacks an independent credit rating to access public bond markets, the deal relies on private bank and investor loans, three formal waivers to state debt guidelines, mandatory student housing rate hikes, and a financial backstop from the New College Foundation. State bond officials warned that while these structural safeguards mitigate near-term default risk, the plan remains vulnerable to ambitious enrollment targets, reliance on legislative subsidies, and a $37 million balloon payment due in 2032.

1. Deal Structure and Use of Proceeds

The $47.5 million borrowing is issued through the New College of Florida Development Corporation and split into two distinct credit tiers secured by student housing revenues, student center fees, and external foundation backing.

- **Senior Debt ($40.0 Million).** Provided by Miami Lakes-based BankUnited and secured by a senior first-lien pledge on housing system and student center revenues.
- **Subordinate Debt (Up to $7.5 Million).** Provided by Aldina L.C.—acting as trustee for a 40-year-old family trust tied to three New College alumni—with approximately $4.3 million expected to be drawn at closing. This loan carries a subordinate lien behind BankUnited.

Allocation of Funds

- **Atala Hall Debt Defeasance ($28.5M – $28.6M).** Pays off outstanding USF bonds on Atala Hall, a 200-bed residence hall and student center located on the acquired 32-acre Sarasota-Manatee campus.
- **Existing Housing Refinancing ($15.7M – $15.8M).** Refinances New College's existing on-campus student housing debt.
- **Reserves and Issuance Costs (~$3.1M).** Funds closing expenses, debt service reserve accounts, and an initial $500,000 operating deficit reserve.

2. Repayment Terms and Student Rate Increases

To service the debt, New College implemented an aggressive multi-year schedule of student housing fee increases paired with back-loaded principal repayments.

- **Mandatory Housing Rate Hikes.** Student dormitory rates are scheduled to increase by at least 10% in Fiscal Year 2028, followed by annual increases of at least 5% in fiscal years 2029, 2030, and 2031.
- **Back-Loaded Amortization.** The loans utilize upfront interest-only payments that step up significantly in later years.
- **2032 Balloon Maturity.** Both loans mature in six years (2032) with roughly $37 million in unpaid principal still remaining, requiring the college to refinance or negotiate loan extensions at prevailing market interest rates.
- **Long-Term Cost.** Over a full 30-year amortization schedule through 2056, repaying the $28.5 million Atala Hall portion alone is projected to cost $68.0 million ($39.6 million in interest), compared to roughly $53 million under USF's prior tax-exempt bond terms.

3. Exceptions to State Debt Management Guidelines

Because the financing carries elevated credit risk, the Board of Governors granted formal exceptions to three State University System Debt Management Guidelines:

Guideline Area	Standard State Requirement	Approved New College Plan
Debt Service Coverage	Housing revenues must maintain a 1.20x coverage ratio over annual debt payments.	Projects a 1.10x buffer initially, with operating income not fully covering level debt service until 2037.
Repayment Structure	Debt must be structured with level annual payments over the life of the bond.	Uses upfront interest-only payments and leaves a $37 million balloon balance due in 2032.
Lien Priority	All debt must be secured by a senior first lien on specified revenues.	Splits collateral between a senior lender (BankUnited) and a subordinate private investor.

4. Enrollment and Occupancy Assumptions

The financial viability of the repayment schedule hinges on rapid student body expansion and near-full dormitory occupancy.

- **2029 Enrollment Target.** New College projects total enrollment will reach 1,360 students by 2029, requiring a net addition of roughly 450 to 500 students over three years.
- **Recent Enrollment Baseline.** Public records compiled by the alumni group Novo Collegian Alliance indicate Fall 2026 degree-seeking undergraduate enrollment reached 902 students—a net increase of 37 undergraduates over Fall 2025, but 76 students below the college's internal projection of 978.
- **Housing Demand vs. Bed Supply.** New College's housing study estimates on-campus housing demand will reach 986 beds by Fall 2028, exceeding its baseline inventory of 402 beds by 584 beds. However, former New College Vice President Nathan Allen noted that taking over Atala Hall yields only 14 net new beds for the college because New College was already leasing rooms in USF's dormitories.

5. New College Foundation Support Agreement

To justify granting policy exceptions, Board of Governors staff relied heavily on a formal Support Agreement executed by the New College Foundation (a 501(c)(3) Direct Support Organization).

- **Contractual Obligations.** The Foundation is legally obligated to transfer funds annually to sustain housing system operations and ensure the $40 million BankUnited senior notes maintain their required 1.10x debt service coverage ratio.
- **Revenue Pledge.** Foundation support payments are legally categorized as part of the "Pledged Revenues" securing both the senior and subordinate loans.
- **Reserve Mechanics.** The Foundation's backing sits behind a $500,000 operating deficit reserve held by the Development Corporation. If that reserve is drawn down, New College has pledged future "Event Fees" revenue to replenish it.
- **Liquidity Constraints.** As of October 8, 2026, the Foundation held $3,614,034 in unrestricted assets (outside of donor-restricted endowments). While this exceeds initial coverage gaps, it represents less than one year of peak annual debt service, which is projected to surpass $4 million by 2030.

6. State Division of Bond Finance Risk Assessment

In a formal November 4, 2026 memorandum, Florida Division of Bond Finance Director J. Ben Watkins III outlined key structural vulnerabilities in the deal:

- **Dependence on State Subsidies.** Watkins noted that New College is a small institution in transition whose recent operations have relied heavily on "extraordinary financial support" and non-recurring funding from the Florida Legislature.
- **Refinancing Exposure.** Because $37 million in principal comes due in 2032, the college faces significant interest-rate and market-access risks if its credit profile has not stabilized by maturity.
- **Uneliminated Default Risk.** Watkins emphasized that while the debt service reserve fund, housing revenue pledge, and the Foundation's $3.61 million unrestricted asset base strengthen the security package, they "strengthen but do not eliminate the credit risk" if enrollment targets or housing occupancy fall short.

7. Sources and Citations

1. Florida Board of Governors — Action Item & Financing Approval

Document: Agenda Item for Board Action: New College of Florida Development Corporation Financing Plan (November 2026)

URL: https://www.flbog.edu/wp-content/uploads/2026/11/Agenda-Item-for-Board-Action-2026-11-05T155857.412.pdf

Details: Official Board of Governors meeting packet submitted ahead of the November 13, 2026 vote, detailing the $47.5 million loan authorization, statutory compliance under House Bill HB5601-E, and formal exceptions to State University System Debt Management Guidelines.

2. Florida Board of Governors — Staff Project Summary

Document: Project Summary: New College of Florida Development Corporation Student Housing and Student Center Financing

URL: https://www.flbog.edu/wp-content/uploads/2026/11/Project-Summary-2.pdf

Details: Outlines the two-tier private loan structure ($40M BankUnited senior loan and up to $7.5M subordinate note), allocation of proceeds for Atala Hall defeasance ($28.5M–$28.6M) and existing housing refinancing ($15.7M–$15.8M), mandatory housing rate increases (10% in FY28; 5% annually in FY29–FY31), the $500,000 operating deficit reserve, and the New College Foundation Support Agreement backed by $3,614,034 in unrestricted assets (as of October 8, 2026).

3. State of Florida Division of Bond Finance — Credit & Risk Memorandum

Document: Memorandum from J. Ben Watkins III, Director of the Division of Bond Finance, to the Florida Board of Governors (November 4, 2026)

URL: https://www.flbog.edu/wp-content/uploads/2026/11/Div-of-Bond-Finance-memorandum.pdf

Details: Official state financial review analyzing New College's lack of an independent credit rating, reliance on non-recurring legislative appropriations, 2032 balloon refinancing exposure ($37M remaining principal), and assessment that foundation reserves and pledged revenues strengthen but do not eliminate default risk.

4. New College of Florida — Official Institutional Announcement

Document: Board of Governors Approves Financing Plan Supporting New College's USF Sarasota-Manatee Campus Acquisition (November 13, 2026)

URL: https://www.ncf.edu/news/board-of-governors-approves-financing-plan-supporting-new-colleges-usf-sarasota-manatee-campus-acquisition/

Details: Institutional press release confirming unanimous Board approval, compliance with the December 31, 2026 statutory debt defeasance deadline, and operational integration of the 32-acre Sarasota-Manatee campus.

5. Novo Collegian Alliance — Public Records & Enrollment Analysis

Document: NCF's 2026 Enrollment Falls Way Short of Projections

URL: https://www.novocollegian.org/blog/ncfs-2026-enrollment-falls-way-short-of-projections

Details: Independent analysis of institutional public records comparing New College's Fall 2026 actual degree-seeking undergraduate enrollment (902 students) against its internal projection (978 students) and 2029 target (1,360 students).