

APPENDIX AA

Authorization of Non-Appropriated Capital Improvements Projects

In June, 1999, the Board adopted a ten-year capital plan totaling \$6.9 billion with approximately 60% of the funding to be provided by the State and the remainder to be provided from non-State resources. Since 1999, the General Assembly, at the request of the Board, has authorized non-appropriated capital improvements projects totaling over \$2.2 billion to be financed from available balances in University accounts or from the sale of bonds to be repaid from University receipts. This amount exceeds the original commitment made by the Board of Governors.

The University is now ready to proceed with the next year of the plan for projects to be funded from non-General Fund resources. The proposals from the campuses continue to capitalize on the authority granted by the 2000 General Assembly allowing the Board of Governors to issue special obligation bonds – those backed by a pledge of all available institutional revenues excluding tuition receipts and state appropriations. The use of special obligation bonds enhances credit ratings and leads to bond issue savings through more competitive rates of interest. The following pages contain descriptions of each proposed project as well as the sources of project financing. A detailed financial plan will be reviewed for each project in consultation with financial advisors and bond counsel before bonds are issued and construction contracts are awarded. Final approval for the issuance of bonds is the responsibility of the Board of Governors.

It is recommended that the Board approve 28 capital improvements projects at 10 institutions totaling \$432,250,000. It is also recommended that the Board approve 14 supplements to previously approved capital improvement projects at 7 institutions totaling \$97,366,000. The projects would then be forwarded to the General Assembly for authorization during the 2006 Session. It is further recommended that the Vice President for Finance be authorized to make refinements to the request in the interest of accuracy and completeness.

New Projects:

Appalachian State University

Central Dining Facility - Phase II – \$4,850,000

This project would relocate major campus utilities and transportation infrastructure serving the new central dining facility, construct associated outdoor dining/activity areas and improve pedestrian safety and accessibility to this new complex. The project would be financed from food service receipts.

East Carolina University

Mendenhall Student Center and Ledonia Wright Cultural Center - Expansion and Renovation – \$39,000,000

This project would expand and renovate both the Mendenhall Student Center and the Ledonia Wright Cultural Center. These buildings are no longer capable of meeting the needs of an increasing student population. The expanded and renovated Student Center is expected to include additional student activity space, student organization space, large group meeting/dining areas, retail space for a bookstore, and a business center. The expanded and renovated Cultural Center is expected to better serve in its role as the repository for the University's collection of African and African-American Art and serve as a base for related research and educational programming. The project would be financed from indebtedness to be repaid from a \$150 debt service fee.

Todd Dining Hall - Renovation – \$2,100,000

This project would modernize and rearrange the food preparation and dining areas to provide better circulation and provide contemporary venues including the addition of a stone pizza oven, a grill, and a fresh bakery station. The project would also replace kitchen equipment. The project would be financed from indebtedness to be repaid from food service receipts.

Brody School of Medicine - Renovations – \$1,200,000

This project would renovate the 8,800 square-foot, 500-seat Brody Auditorium in the Brody School of Medicine Building. The project would include replacement of lighting, ceiling, seating, dividing partitions, curtains, entry doors, audiovisual equipment, and enhance accessibility. The project would be financed from indebtedness to be repaid from Medicare receipts.

Brody School of Medicine – Health Science Campus - Renovations – \$6,000,000

The project would renovate 43,000 square feet to be vacated by the Health Sciences Library. The project would replace interior walls, ceilings, lighting, flooring and finishes, and renovate the HVAC system. The project would be financed from indebtedness to be repaid from Medicare receipts and Medical Practice Plan receipts.

Elizabeth City State University

Residence Hall - Heating, Ventilating and Air Conditioning Improvements – \$1,500,000

This project would upgrade the Bias Hall HVAC system. The residence hall has 150 beds and was constructed in 1938. The project would be financed from indebtedness to be repaid from housing receipts.

North Carolina State University

Derr Track - Renovation and Expansion - Phase II – \$2,500,000

This project would continue the renovation and expansion of Derr Track. Phase II will include the addition of bleachers, press box facility, restrooms, and concession stands. The project would be financed from indebtedness to be repaid from a \$15 debt service fee.

Partners VI Building and Parking Deck – \$40,000,000

This project would construct a 100,000 square-foot, multi-tenant building and approximately 200-space parking deck on Centennial Campus. The project would be financed from indebtedness to be repaid from Centennial Campus receipts.

Centennial Campus Infrastructure – \$10,000,000

This project would provide for infrastructure improvements on the Centennial Campus including utilities, walkways, roads, storm water drainage, and landscaping. The project would be financed from indebtedness to be repaid from Centennial Campus receipts.

The University of North Carolina at Chapel Hill

Food Service Facilities - Renovation and Expansion – \$3,500,000

This project would renovate and expand Brinkhous-Bullitt to create a new dining facility that would replace the existing dining services in Brinkhous-Bullitt and Berryhill Hall. The project would be financed from indebtedness to be repaid from food service receipts.

Science Complex - Phase II – \$92,200,000

This project would replace Venable Hall which is scheduled to be demolished as part of the Higher Education Bond program. The new science building will house chemistry, marine sciences, and provide a new library for the chemical sciences. The project would be financed from indebtedness to be repaid from facilities and administrative receipts.

Carmichael Auditorium - Renovation and Expansion – \$15,000,000

This project would include a new HVAC system, replacement of existing auditorium seating, acoustical treatments, upgrade of existing fire alarm system, and updating of the building to meet current building code requirements. A 6,000 square-foot addition is also planned that would provide a museum area, reception area, offices, media room, and support spaces for UNC Women's Basketball team. The project would be financed from indebtedness to be repaid from student fees and gifts.

Research Resource Facility - Phase II – \$12,400,000

First authorized in 2005, this project would continue the phased construction of the Research Resource Facility project which would construct vivarium facilities in multiple buildings. The project would be financed from facilities and administrative receipts.

Residence Halls - Improvements – \$2,000,000

This project would provide HVAC improvements at Old East and Old West Residence Halls. The project would be financed from indebtedness to be repaid from housing receipts.

Woollen Gymnasium - Renovation – \$4,500,000

This project would convert the Women's Gym in Woollen Gymnasium to house the new Sports Medicine program. The renovation would provide a clinical and education facility shared by Athletics, Student Health Services, and Exercise and Sport Science. The project would provide an athletic training room, small nutrition clinic, small physician's office, staff office space, teaching laboratory and conference room. The project would be financed from indebtedness to be repaid from student fees.

Boshamer Baseball Stadium - Improvements – \$14,000,000

This project would provide an upgrade of the Boshamer Baseball facility to include team space, public facilities, and improvements to the batting cages and bull pens. The project would be financed from private gifts.

Frank Porter Graham Child Development Center Facility – \$20,000,000

This project would provide funding for new facilities for programs developed by the Frank Porter Graham Child Development Center. The project would be financed from indebtedness to be repaid from rental receipts and fundraising.

Cogeneration Warehouse – \$500,000

This project would construct a new warehouse located at the cogeneration facility to house repair and replacement parts. The project would be financed from indebtedness to be repaid from utility receipts.

Steam Infrastructure Improvements – \$55,700,000

This project would provide the replacement of the main steam tunnel between the cogeneration facility and campus. The project would be financed from indebtedness to be repaid from utility receipts.

Electrical Infrastructure Improvements – \$10,100,000

This project would construct a new ductbank serving campus electrical and telecommunications needs and would include high speed switches, breakers, cables, and upgraded control system. The project would be financed from indebtedness to be repaid from utility receipts.

Bell Tower Development - Phase I – \$10,000,000

Phase I of this project would provide the initial planning and site work for the Bell Tower Development Project. The total Bell Tower Development project would be developed in phases and would include a new Genome Science Laboratory Building providing approximately 200,000 square feet of interdisciplinary research space, a 710 car parking deck, a new academic building and renovation of the existing chilled water plant. The project is also planned to provide an elevated pedestrian walkway linking the Caudill Laboratories to the Bell Tower Development to Medical Drive, and a new open space to accommodate the required storm water mitigation system. The project would be financed from indebtedness to be repaid from facilities and administrative receipts.

Global Education & International Studies Center - Improvements – \$2,500,000

This project would finish shelled-in space on the 4th floor of the Global Education Center. The project would be financed from private gifts.

The University of North Carolina at Charlotte

Prospector Hall - Renovation - Phase II – \$4,000,000

This project would include a conversion of the upper level of the former bookstore into a dining and food service area. The lower level would be renovated to provide retail and food service areas. The exterior of the building would be refinished to meet current University design standards. The project would be financed from indebtedness to be repaid from food service receipts.

Residence Halls - Phase IX – \$38,800,000

This project would include the next phase of planned student housing and is expected to provide an additional 600 beds. Planned to be complete by fall 2009, the residence hall would consist mainly of apartment-style quarters, with some suite-style quarters. The project would be financed from indebtedness to be repaid from housing receipts.

The University of North Carolina at Greensboro

Residence Hall - Acquisition – \$29,500,000

This project would provide a 400-bed residence hall and 200-space, below-grade parking deck. The facility would provide an up-to-date residence hall with desired apartment-style housing. Each apartment would include a kitchen, private bathrooms, and laundry facilities. The parking deck is necessary to comply with the City of Greensboro's zoning ordinance requiring one parking space for every two beds. The project would be financed from indebtedness to be repaid from housing and parking receipts.

The University of North Carolina at Wilmington

Residence Halls - Improvements – \$4,900,000

This project would continue a comprehensive program to renovate older residence hall facilities and is expected to include window replacements, exterior wall repair, bathroom renovations, upgraded fire alarm and fire sprinkler systems, and HVAC repairs. The project would be financed from housing receipts.

Western Carolina University

Residence Hall - Renovation and Expansion – \$1,000,000

This project would provide for the renovation of the main lobby of Scott Residence Hall and the addition of a new rear entrance to the building which would incorporate a new elevator providing ground floor access. The project would be financed from housing receipts.

Winston-Salem State University

Residence Hall - Renovation – \$4,500,000

This project would include replacement of the heating system, installation of air conditioning, window replacement, and renovation of restrooms. The project would be financed from indebtedness to be repaid from housing receipts.

Supplemental Projects:

Although Engineering News Record and other services that track construction costs have 2006 annual construction inflation at about 7%, the construction market in North Carolina has exceeded the estimates. Anecdotal evidence suggests that there has been a marked increase in construction costs in the last two years. And while the rate of increase has slowed, bids remain higher than originally estimated at virtually every campus. Various services have attributed these increases to higher material prices. Local contractors are reporting a growing cost of labor. Estimates, often using 5% annual inflation, did not fully anticipate cost increases that are the highest in the past 35 years.

These increases have had a significant impact on the actual or anticipated construction budgets for the projects that follow and provide all or very nearly all of the justification for the supplemental authority being requested:

North Carolina State University

Residence Halls - Renovation - Supplement – \$11,500,000

This project was previously approved in the 2005 Session of the General Assembly. The proposed increase would allow the university to continue its programmed renovation of its older residences halls, including fire suppression sprinkler systems and air-conditioning. The proposed increase would be financed from indebtedness to be repaid from housing receipts. The total project cost would now be \$32.1 million.

Thompson Theater - Renovation and Expansion - Supplement – \$4,500,000

This project was previously approved in the 2005 Session of the General Assembly. The proposed increase is necessary to ensure compliance with all building codes, improve functionality and address the known change in bidding climate and increased costs. The total project cost would be \$22.2 million. The project would be financed from indebtedness to be repaid from gifts and a \$20 increase to a previously approved debt service fee for this project.

The University of North Carolina at Chapel Hill

Residence Halls - Improvements - Supplement – \$2,500,000

This project was previously approved in the 2005 Session of the General Assembly. The proposed increase is necessary to ensure compliance with all building codes, attend to an environmental issue and address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from housing receipts. The total project cost would be \$8 million.

Botanical Garden Visitor Education Center - Supplement – \$5,000,000

This project was previously approved in the 2003 Session of the General Assembly. The proposed increase is needed to cover construction costs due to escalation and inflation. The proposed increase would be financed from private gifts. The total project cost would now be \$11 million.

Educational Foundation Office Building - Supplement – \$12,000,000

This project was previously approved in the 2004 Session of the General Assembly. The proposed increase would allow the campus to improve functionality and to address the known change in bidding climate and increased cost estimates. The proposed increase would be financed from gifts. The total project cost would now be \$15 million.

Cobb Residence Hall - Renovation - Supplement – \$5,116,000

This project was previously approved in the 2003 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and increased cost estimates. The proposed increase would be financed from indebtedness to be repaid from housing receipts. The total project cost would now be \$18.4 million.

Residence College - Phase II - Supplement – \$8,000,000

This project was originally approved in the 2002 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from housing receipts. The total project cost would now be \$89 million.

Rizzo Center - Expansion - Supplement – \$5,300,000

This project was previously approved in the 2003 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from Rizzo Center receipts. The total project cost would now be \$25.1 million.

The University of North Carolina at Charlotte

Student Union - Supplement – \$10,000,000

This project was originally authorized in the 2003 Session of the General Assembly. The proposed increase is necessary to address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from a \$80 increase to an existing \$100 debt service fee previously approved by the Board of Governors for this purpose and from auxiliary receipts. The total project cost would now be \$59.2 million.

The University of North Carolina at Greensboro

Parking Deck Addition - Supplement – \$1,000,000

This project was originally approved in the 2004 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from parking receipts. The total project cost would now be \$13 million.

The University of North Carolina at Pembroke

University Center Expansion - Supplement – \$2,000,000

This project was originally approved in the 2002 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and the increased costs associated with preserving the necessary project scope. The project would be financed from indebtedness to be repaid from a \$20 debt service fee. The total project cost would now be \$5.9 million.

The University of North Carolina at Wilmington

University Union Building - Expansion and Renovation - Supplement – \$12,000,000

This project was previously approved in the 1999 Session of the General Assembly. The proposed increase would enable the campus to incorporate the renovation of the Burney Center (originally the bookstore) into the current project and complete the planned University Union complex. The proposed increase would be financed from indebtedness to be repaid from the existing debt service fee previously approved for the construction of the building. The total project cost would be \$44.4 million.

Western Carolina University

Dodson Cafeteria Replacement - Supplement – \$12,250,000

This project was previously approved in the 2003 Session of the General Assembly. A design assessment has indicated that it would be in the university's best, long-term interest to replace rather than renovate this 40-year-old building. The proposed increase would enable the campus to replace the existing Dodson Cafeteria. The proposed increase would be financed from indebtedness to be repaid from a new \$113 debt service fee. The total project cost would be \$17.2 million.

New Student Recreation Center - Supplement – \$6,200,000

This project was previously approved in the 2001 Session of the General Assembly. The proposed increase would enable the campus to address the known change in bidding climate and increased costs. The proposed increase would be financed from indebtedness to be repaid from a \$74 increase to an existing debt service fee of \$128 previously approved for this project. The total project cost would be \$19.7 million.