

APPENDIX G

Authorization of New Capital Improvements Project – The University of North Carolina at Greensboro

The Board of Trustees of the University of North Carolina at Greensboro has requested the authority to establish a new capital improvements project, Guaranteed Energy Savings Projects, to provide for the improvement of energy efficiencies on campus. The result would be cost savings sufficient to pay for the project, which would be financed over a maximum term of twelve years. The project would provide for new and more efficient lighting, mechanical systems, building controls, and water conservation devices in four buildings: the Bryan School of Business and Economics, Jackson Library, Mossman Administration Building, and Graham Building. The estimated cost of installing all energy efficient devices is \$5,809,000. Total guaranteed cost savings is \$6,253,000.

In Session Law 2002-161 (An Act to Promote Energy Efficiency in State-Owned Buildings), the General Assembly enabled state agencies to utilize guaranteed energy savings contracts as a method to reduce the state's increasing utility costs, improve efficiencies of operations, and reduce environmental impacts.

The campus sought and received proposals to select an energy service company to perform an investment grade audit to validate the projected savings and costs. If the audit does not confirm that both projected costs and savings are within 10% of the estimated amounts, the University can decide not to proceed with the projects. If the audit determines savings and costs are within 10% of the estimates, the university may proceed with the projects by submitting the proposed contract along with a request for funding to the Office of State Budget and Management (OSBM). The terms of the contract would also be reported to State Energy Office. If OSBM finds the contract acceptable, the proposal would be forwarded to the State Treasurer

who would provide funding through an investment vehicle of his choice which would be reimbursed by the campus over a twelve-year period. The project and the financing would then be submitted to the Council of State for approval. Upon final approval and financing arrangements, the contract is complete and the energy service company may begin work. The energy service company must guarantee that 100% of the savings will be achieved and is liable for any shortfall.

It is recommended that the project as requested by the University of North Carolina at Greensboro be approved and that the proposed contract be forwarded to the Department of Administration, the Office of State Budget and Management, the State Treasurer, and the Council of State for final approval.