

APPENDIX T

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 \$1.8 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-State 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.

It is recommended that the Board approve 30 capital improvements projects at 10 institutions totaling \$298,557,000. It is further recommended that the Board approve 11 supplements to previously approved capital improvement projects at 6 institutions totaling \$114,578,000. The projects would then be forwarded to the General Assembly for authorization during the 2005 Session.

New Capital Improvement Projects

Appalachian State University

Steam Distribution System - Improvements - Phase III – \$6,500,000

This project would continue a comprehensive program to repair or replace steam distribution and condensate return lines on campus. The project would be financed from indebtedness to be repaid from utility receipts.

Residence Hall - Renovations – \$12,000,000

This project would continue a comprehensive program to renovate and upgrade the older student residence halls on the schedule of two per year. The project would be financed from indebtedness to be repaid from housing receipts.

Parking Facilities - Improvements – \$2,500,000

This project would continue a comprehensive program to repair and upgrade campus parking facilities. Repairs will be made to 15 parking areas with 5,000 parking spaces. The project would be financed from indebtedness to be repaid from parking receipts.

East Carolina University

Residence Hall - Heating, Ventilation and Air Conditioning Improvements – \$2,000,000

This project replaces the fan coil units in Cotten Hall and the existing chiller serving Cotten and Fleming Residence Halls. The fan coil units and chiller are at the end of their useful life and require replacement before failure occurs. The project would be financed from indebtedness to be repaid from receipts available in housing and dining operations.

Parking Facilities - Expansion – \$2,500,000

This project would expand campus parking facilities by approximately 855 parking spaces available to be used by students, faculty and staff. The project would be financed from indebtedness to be repaid from parking receipts.

Student Recreation Complex - Phase I – \$8,000,000

This project would provide the initial infrastructure and fields for the planned development of a 129-acre student recreation complex. The development of this complex allows the opportunity to expand academic programs on the main campus. Infrastructure would include roadways, parking, support facilities, fields for intramurals and club sport activities, amphitheatre and lake area for boating and swimming. The project would be financed from balances available in institutional accounts.

Geriatrics Center – \$3,000,000

This project would construct a new Geriatrics Center on the Health Sciences Campus to support the continuing growth in demand for clinical services. Expected to include exam rooms, clinical support spaces, patient services spaces and offices, the building will be located close to the new Eastern Carolina Cardiovascular Institute, the new School of Allied

East Carolina University (continued)

Health Sciences, the School of Nursing and the Allied Health Library. The project would be financed from gifts.

Elizabeth City State University

Student Housing – \$13,500,000

This project would demolish the existing Mitchell-Lewis Residence Hall and construct a new residence hall housing up to 380 residents. The residence hall would provide an up-to-date, living-and-learning environment for the benefit of student residents. The project would be financed from the 2000 Higher Education Bond Program (\$3,000,000) and indebtedness (\$10,500,000) to be repaid from housing receipts.

North Carolina Central University

Student Housing – \$30,000,000

This project would construct new residential halls housing up to 800 residents. The residence halls would provide additional housing to meet the needs of enrollment growth and for the steadily increasing number of students who desire to live in on-campus housing facilities. The project would be financed from indebtedness to be repaid from housing receipts.

Parking Facilities - Expansion – \$10,000,000

This project would construct a parking deck providing up to 1,000 parking spaces available for students, faculty and staff and house a control station for campus police. The project would be financed from indebtedness to be repaid from parking receipts.

North Carolina State University

Parking Facilities - Expansion – \$7,500,000

This project would construct a combination of surface and deck parking that would create approximately 750 new parking spaces available to students, faculty and staff. The project would be financed from indebtedness to be repaid from parking receipts.

Thompson Theater - Renovation and Expansion – \$15,500,000

This project would renovate the existing facility to ensure code compliance and improve functionality and construct a new addition to provide rehearsal, performance, office and support space for the dance program. The project would be financed from indebtedness to be repaid from a \$30.00 debt service fee.

Residence Halls - Renovation – \$20,550,000

This project would continue a comprehensive program to renovate older residence hall facilities, including the installation of fire suppression sprinkler systems and air conditioning. The project would be financed from indebtedness to be repaid from housing receipts.

North Carolina State University (continued)

Owen Residence Hall - Expansion and Improvements – \$3,700,000

This project would construct an addition to Owen Residence Hall to provide facilities for the First Year College Commons program, a living-learning environment that enhances the student learning experience by co-mingling classrooms, faculty offices, and computer lab within the traditional residence hall setting. The project would be financed from indebtedness to be repaid from housing receipts.

Carter Finley Stadium - Expansion – \$14,500,000

This project would construct a replacement for the existing Finley Field House facility and add approximately 6,000 net additional seating in the north end zone area. The project would be constructed by a third party and after acceptance by state reviewing agencies, the improvements would transfer to the State. The improvements would be financed from indebtedness to be repaid from athletics receipts.

Chancellor's Residence – \$3,350,000

This project would construct a new Chancellor's residence of approximately 10,000 gross square feet on Centennial Campus. The existing Chancellor's residence will be converted to other university use. The project would be financed from indebtedness to be repaid from gifts and grants.

The University of North Carolina at Chapel Hill

Parking Facilities - Expansion – \$25,000,000

This project would provide for the design and construction of additional parking for students, faculty, staff and visitors on the southern part of campus. Approximately 1,000 parking spaces would be constructed. The project would add additional levels on top of an existing facility, which must also be brought up to current building codes and reinforced to support the additional weight. The project would be financed from indebtedness repaid from parking receipts.

Residence Halls - Improvements – \$5,500,000

This request would renovate and repair residences halls. The campus requests a new capital project to replace railings on four high-rise residence halls built in the 1960s. The exterior balcony railings have deteriorated and need to be replaced. The estimated cost of the project is \$2,000,000. The University also requests authority to establish a new capital project to make improvements to Carmichael Residence Hall. The project cost is estimated to be \$3,500,000 and would consist of improvements the heating, venting, and air conditioning systems in the building. The projects would be financed from indebtedness to be repaid from housing receipts.

Information Technology Services (ITS) - Infrastructure Improvements – \$13,000,000

This project would provide for improvements and expansions to the campus' information technology infrastructure to support its academic research mission and increase computing capacity. The capital project is part of a campus-wide initiative to help the University remain

The University of North Carolina at Chapel Hill (continued)

competitive in the recruitment of accomplished faculty and the preparation of students for the workforce. The project would be financed from indebtedness to be repaid from telecommunications and ITS receipts.

Water Reclamation and Reuse Infrastructure – \$15,000,000

This project would install a wastewater reuse system with a pumping station at the Orange Water and Sewer Authority's (OWASA) Mason Farm Wastewater Treatment Plant and distribution piping to and through out the University Campus. This project will provide wastewater reuse capability to chilled water facilities, steam and electric generating facilities and major irrigation users, such as the Botanical Gardens and athletic playing fields. Distribution piping will be installed in phases in conjunction with other capital projects for optimal pricing. A special provision will be included in proposed legislation to authorize the university to construct and finance this project on Mason Farm Wastewater Treatment Plant site. The project would be financed from indebtedness to be repaid from utilities receipts.

Major Infrastructure Improvements – \$47,522,000

This project would continue to provide for the addition of new sanitary sewer lines, electrical substation upgrades, duct banks, chiller plants, chilled water systems expansion and improvements, the replacement of aging steam lines and equipment and other major infrastructure needs on campus. The infrastructure project would be financed from indebtedness to be repaid from the utilities receipts.

The infrastructure initiative will consist of the following major components:

- Chilled Water Systems – \$1,700,000
- Electrical Systems – \$37,832,000
- Steam Systems – \$7,990,000

Research Resource Facility – \$1,000,000

This project would provide for Phase I of the development of the Research Resource Facility, which would accommodate several species of animals in multiple buildings. The site for the facility is located in Orange County and site plan approval from the county has been obtained. A special provision will be included in proposed legislation to authorize the University to construct and finance this site on Orange County tract. The project would be financed from interestedness and repaid from facilities and administrative receipts.

Medical Research - D - Renovations – \$1,000,000

This project would renovate space in the Medical School for the better use and to accommodate new research MRI equipment. The project would be financed from indebtedness and repaid from facilities and administrative receipts.

The University of North Carolina at Charlotte

Parking Facilities - Expansion – \$14,000,000

This project would construct a new parking deck on the northern part of campus and create up to 1,100 parking spaces that would be available for use by students, faculty and staff. The project would be financed from indebtedness to be repaid from parking receipts.

Applied Optics and Physics Building - Improvements – \$4,000,000

This project would upfit up to 14,000 square feet of research laboratory and cleanroom space in the Applied Optics and Physics Building located in the Charlotte Research Institute Campus. The project would be financed from gifts and grants and facilities and administrative receipts.

The University of North Carolina at Greensboro

Recreation Center - Roof Replacement – \$2,500,000

This project would provide for a new roof for the Student Recreation Center. The building has experienced numerous leaks and periodic inspections reveal a record of progressive deterioration that indicates that replacement of the roof is warranted. The project would be financed from indebtedness to be repaid from the facilities debt service fee.

Residence Halls Renovation - Phase IV – \$7,000,000

The project would continue a comprehensive program to renovate the heating, ventilating and air-conditions systems in older residence hall facilities. The project would be financed from indebtedness to be repaid from housing receipts.

The University of North Carolina at Wilmington

Parking Facilities - Expansion – \$3,465,000

This project would continue a comprehensive program to construct campus parking to help meet increasing parking demand resulting from steady enrollment growth. The campus expects to build a combination of surface and deck parking that will provide approximately 600 new parking spaces for students, faculty and staff. The project would be financed from indebtedness to be repaid from parking receipts.

Winston-Salem State University

Athletic Facilities - \$2,670,000

The project would construct athletic and recreation facilities, primarily multi-use fields, on land to be acquired from the City of Winston-Salem. New intramural fields would meet the demand of enrollment growth and increased student participation. The project would be financed from indebtedness to be repaid from a \$54 debt service fee.

Winston-Salem State University (continued)

Bowman Gray Stadium Field House - Expansion and Renovation – \$1,800,000

This project would expand and renovate the existing field house at the City of Winston-Salem's Bowman Gray football stadium. Continuing a long-standing partnership, the University intends to enter into an agreement with the City for the long-term use of the improved stadium. The City plans to expand and improve the stadium. Winston-Salem State University proposes to fund the expansion of the existing field house. The project would be financed from indebtedness to be repaid from a \$21 debt service fee.

Supplements to Previously Approved Projects

Engineering News Record, a service that track trends in the construction industry, reports that the nation is currently experiencing construction cost increases that are the highest in 35 years.

In North Carolina, recent bids have been running 15%-20% higher than estimated on many University and other municipal projects.

Initial cost estimates for these previously approved projects (presented below) often used a 5%-8% annual inflation rate and, thus, the estimates did not fully anticipate the cost increases currently being experienced.

The following requests, if approved, would generally allow the campuses to address the escalating costs resulting from a rapidly improving construction economy in a manner that maintains the needed programmatic scope for each project:

Appalachian State University

Central Dining Hall - Supplement – \$6,000,000

This project was previously approved in the 2000 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 dining receipts. The total project cost would now be \$23,800,000.

Student Recreation Complex - Supplement – \$5,000,000

This project was previously approved in the 2001 session of the General Assembly. The proposed increase would enable the campus to accommodate additional program needs identified by the ASU Board of Trustees, primarily the inclusion of a 50 meter pool. The proposed increase would be financed from indebtedness to be repaid from the existing debt service fee previously approved by the Board of Governors for this project. The total project cost would be \$30,900,000.

North Carolina State University

Classroom Building - Expansion - Supplement – \$10,000,000

This request would provide additional authority to supplement the Harrelson Classroom Building replacement project with \$10,000,000. The Harrelson Classroom Building - Comprehensive Renovation project was authorized and funded through the 2000 Higher Education Bonds at \$13,608,500. The 2004 session of the General Assembly authorized the replacement of Harrelson Classroom Building in lieu of a major renovation. The supplement would allow the new classroom building to house the Mathematics and Statistics departments. The proposed increase would be financed from indebtedness to be repaid from gifts and grants. The total project cost would be \$23,608,500.

The University of North Carolina at Chapel Hill

Residence College - Phase II - Supplement – \$11,000,000

This request would provide additional authority for a capital project, Residence College, Phase II, previously approved by 2002 and 2004 session of the General Assembly. The requested supplement totals \$11,000,000 and is based on revised estimates for the construction phase of the project, primarily due to the cost of steel and concrete. The total project cost would be \$81,000,000.

Genetic Research Building - Supplement – \$10,000,000

This request would allow additional authority to supplement an existing capital project, School of Medicine Research Facilities (now known as the Genetic Research Building) with an additional \$10,000,000. Based on revised cost estimates, the campus requests the project authorization be increased to \$120,700,000. This project would provide wet labs, laboratory facilities, imaging facilities and associated office and support activities. The project would be financed from indebtedness to be repaid from facilities and administrative receipts. Authorized by the 2002 and 2004 sessions of the General Assembly, the currently approved cost of the facility is \$110,700,000. The total project cost would be \$120,700,000.

Daniels Building Renovations - Supplement – \$1,000,000

This request would allow additional authority of \$1,000,000 for the Daniels Building Renovation capital project based on a revised cost estimate that reflects the current construction environment. This facility houses the student store which contains a general sales area, the Bulls Head Book Shop, a textbook sales area, offices and storage areas. It was built in 1968 and is in need of renovation. This project would upgrade the building's mechanical, electrical and plumbing systems and provide other improvements to address accessibility, and fire and life safety issues. The project would be financed from indebtedness to be repaid from student store receipts. The project was authorized in the 2004 session of the General Assembly and the total project cost would be \$8,000,000.

The University of North Carolina at Chapel Hill (continued)

Parking Facilities - Supplement – \$1,000,000

This project was previously approved in the 2003 session of the General Assembly. The project would provide approximately 1,000 parking spaces to meet parking demand. The supplement is requested to cover increased costs due to inflation. The total project cost would be \$20,200,000.

Major Infrastructure Improvements - Supplement – \$61,828,000

This project was previously approved in the 2004 session of the General Assembly. This project would provide for the addition of new sanitary sewer lines, electrical substation upgrades, duct banks, a chiller plant, chilled water systems expansion and improvements, and the replacement of aging steam lines and equipment. The supplemented increase will cover inflation as well as provide additional capacity where determined by engineering studies. Infrastructure projects are heavily impacted by increases in cost of concrete and steel because a higher percentage of the overall cost for these types of projects come from these materials. The total project cost would be \$130,264,150. The supplement would cover costs associated with the following major components:

- Chilled Water Systems – \$13,400,000
- Electrical Systems – \$3,848,000
- Steam Systems – \$42,280,000
- Water/Sewer Systems – \$300,000
- Energy Services Building - Expansion – \$2,000,000

The University of North Carolina at Charlotte

Student Union - Supplement – \$3,500,000

This request would allow additional authority to supplement the Student Union project with \$3,500,000. Authorized in the 2003 and 2004 sessions of the General Assembly, the current approved cost of the facility is \$45,700,000. The supplement is necessary to cover increased costs due to inflation. The proposed increase would be financed from indebtedness to be repaid from indebtedness to be repaid from a debt service fee previously approved by the Board of Governors for this purpose. The total project cost would be \$49,200,000.

The University of North Carolina at Greensboro

Parking Deck Addition - Supplement – \$4,000,000

This request would allow additional authority to supplement the Parking Deck Addition project with \$4,000,000. The project was authorized in the 2004 session of the General Assembly and asked to provide 500 parking spaces. An increase in authorization for this project is requested so that a total of 650 spaces (yielding a net of 500 new parking spaces) could be built upon the existing surface parking and to adjust for the known change in bidding climate and increased cost estimates. The proposed increase would be financed

The University of North Carolina at Greensboro (continued)

from indebtedness to be repaid from parking receipts. The total project cost would be \$12,000,000.

Western Carolina University

New Student Recreation Center - Supplement – \$1,250,000

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 cost estimates. The proposed increase would be financed from indebtedness to be repaid from the debt service fee previously approved for this project. The total project cost would be \$13,500,000.