

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

G.S. 143-64.17F authorized 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 President's Advisory Committee on Efficiency and Effectiveness (PACE) and the UNC Tomorrow Commission also identified guaranteed energy savings projects as important tools to achieve facility efficiencies and proper environmental stewardship. Furthermore, G.S.143-64.12 requires that all state buildings reduce energy consumption per gross square foot by 20% by 2010 and 30% by 2015 based on fiscal year 2002-2003 consumption. Finally, the UNC Sustainability Policy, adopted by the Board of Governors in October 2009, authorizes the implementation of sustainable practices in buildings to meet or exceed statutory requirements to reduce energy and water use, while maintaining air quality and comfort and giving priority to the installation of high-efficiency equipment as part of an ongoing sustainability action plan.

The Board of Trustees of the University of North Carolina at Wilmington has requested authority to establish a capital improvements project and to enter into a guaranteed energy savings contract to improve energy efficiencies, replace inefficient equipment and infrastructure, and reduce water consumption on the UNCW campus. The project involves about 8% of UNCW's central campus and would include providing more efficient lighting, daylighting the top floor of Randall Library, replacing boilers in four buildings, refurbishing air handler units in two buildings, upgrading building controls for mechanical and electrical systems in seven buildings, connecting chilled water and hot water heating piping to the westside central plant underground distribution systems for five buildings, and replacing transformers in three

buildings. Irrigation system optimization is also included and will help achieve water conservation goals.

Working with the State Energy Office and their list of pre-qualified energy service companies, UNCW selected Trane Comfort Solutions, Inc. as the energy services company to execute the performance contract. Trane has validated the estimated project costs and utility savings and is willing to enter into a contract to guarantee that 100% of the projected savings will be achieved, and if not, Trane Comfort Solutions, Inc. will be liable for any shortfall. The estimated cost of the project to be financed is \$4,683,773 and would be financed with a tax-exempt loan to be repaid within twenty years from utility savings. After the debt is paid, the savings produced by the improvements, estimated to be \$590,000 per year, will continue to accrue to UNCW and the State. The project is expected to reduce the current energy consumption of 10 buildings by at least 36%.

To finance this project, UNCW will solicit competitive proposals from qualified lenders. UNCW expects a finance rate not to exceed 6% on an amount not to exceed \$5,000,000. The term of the loan will not exceed 20 years after a one-year construction period. Construction is anticipated to commence in April.

It is recommended that the request of the Board of Trustees of the University of North Carolina at Wilmington 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.