

**University of North Carolina Board of Governors**  
**UNC Bond Program Report**  
**November 2010**

The Bond Program is essentially complete despite the remaining balance of \$6.5 Million at UNC-TV as a result of the conversion to digital television which was deferred by federal action and delayed UNC-TV's progress. The remaining work involves equipment procurements and minor electrical, heating, ventilating, and air conditioning installations in support of this equipment and is slated to be complete by July 2011. All other institutions have completely expended bond funds, submitted final reports, and closed out their programs.

In conjunction with additional shared-funding that campuses were expected to contribute, the bond program has resulted in a \$3.167 Billion overall infusion into campus facilities. Over 50% of the funding was directed toward new or replacement facilities and an additional 34% supported the modernization of existing facilities. Nearly a third of the facilities were in support of science, engineering, or computing disciplines and another 20% addressed general classroom needs. A total of 319 projects were completed in the program, adding 6,000,000 square feet to UNC's inventory.

The lessons learned throughout the execution of the bond program were a valuable outcome above and beyond the facilities assets themselves. First, the benefit of a long-term program with a known stream of capital project funding over an extended period of time is substantial in comparison to the uncertain authorization of individual projects. A predetermined program permits appropriate sequencing of projects for new construction and the subsequent renovation of vacated facilities, as well as more effective development of supporting infrastructure such as utilities, and vehicular and pedestrian flows. It also allows for movement of funds between projects when a good bid outcome may exist on one project resulting in savings that can be used to serve another project whose place in the work sequence may fall under a less attractive bidding climate.

In addition, the program permitted funding support for related professional staff allowing first time capital funds to be used for this purpose, resulting in the successful execution of the program. This funding permitted staff support commensurate with the magnitude and duration of the project load. Where capital projects are sporadically authorized, obtaining and training capital staff is often difficult, as institutional personnel resources are directed at the most immediate needs. This means that institutions without significant capital projects over an extended time are starting behind, often with staff for which capital projects are just one of many responsibilities. Staff retraining over time provides a higher level of competency and the readiness to get projects off to a quick start.

The value of oversight is another lesson, which served as an aid to focus and provide leverage for the bond program. Quarterly reporting requirements forced a level of discipline and accountability that contributed to the program's successful delivery.

As the program progressed, there were also experiences that emerged as best practices that will contribute to more successful future capital projects. Among these practices are formally scheduling projects and ensuring that schedules are routinely used, not just filed away; ensuring the availability of training in a number of areas for capital project managers; the development of Historically Underutilized Businesses (HUB) practices and finally improving communication. The latter proved to be one of the most significant best practices as routine communications channels were established within the UNC system under the “Bond Alliance” created to share problems and solutions across the system. Regularly scheduled meetings with other State agencies (the Department of Insurance and the State Construction Office), architects, engineers, and contractors allowed ongoing dialog about mutual concerns and suggestions for improvement. The routine nature of these meetings with stakeholders allowed for continuous improvement to benefit all projects. And finally, claims were kept at a minimum which was exceptional for a program of this size.

The President’s annual report to the Joint Legislative Commission on Governmental Operations was filed in September.

The Higher Education Bond Oversight Committee (HEBOC) produced a comprehensive final report on the program which will be presented to the legislature. The final HEBOC meeting was held October 25, 2010. It is anticipated that the legislature will formally disband HEBOC early in its next session.

The final updated project status overview, reflecting bond program activity by institution, is included with this report and reflects the full program already expended or committed.

**The University of North Carolina  
Bond Project Status Overview - October 2010 Data  
Contractual Commitments from Bond Funds**

Institution	# of Projects per Bond List*	# of Project Bid Packages*	Total Dollar Value	In Design Phase				In Construction Phase				Complete				Closed Out				Land Acquisitions***	
				\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
ASU	13	22	88,295,748	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	88,295,748	100.00%	22	100.00%	0	0.00%
ECU	13	24	192,549,365	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	192,549,365	100.00%	24	100.00%	0	0.00%
ECSU	19	32	46,767,970	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	46,767,970	100.00%	32	100.00%	0	0.00%
FSU	17	24	46,489,768	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	46,489,768	100.00%	24	100.00%	N/A	N/A
NCA&T	21	47	163,446,758	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	163,446,758	100.00%	47	100.00%	0	0.00%
NCCU	23	45	122,480,146	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	122,480,146	100.00%	45	100.00%	0	0.00%
NCSA	12	12	42,980,513	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	42,980,513	100.00%	12	100.00%	0	0.00%
NCSU	40	115	473,022,182	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	473,022,182	100.00%	115	100.00%	0	0.00%
UNC-A	9	12	50,977,783	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	50,977,783	100.00%	12	100.00%	N/A	N/A
UNC-CH	50	89	515,734,918	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	515,734,918	100.00%	89	100.00%	0	0.00%
UNC-C	15	22	191,967,504	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	191,967,504	100.00%	22	100.00%	N/A	N/A
UNC-G	17	25	167,697,749	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	167,697,749	100.00%	25	100.00%	0	0.00%
UNC-P	19	18	57,452,412	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	57,452,412	100.00%	18	100.00%	N/A	N/A
UNC-W	18	28	110,313,165	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	110,313,165	100.00%	28	100.00%	0	0.00%
WCU	15	24	101,357,888	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	101,357,888	100.00%	24	100.00%	0	0.00%
WSSU	13	22	47,262,736	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	47,262,736	100.00%	22	100.00%	N/A	N/A
UNC-TV***	2	9	66,561,180	0	0.00%	0	0.00%	6,443,250	9.68%	3	33.33%	0	0.00%	0	0.00%	60,117,930	90.32%	6	66.67%	N/A	N/A
NCSSM	2	4	5,215,545	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	5,215,545	100.00%	4	100.00%	N/A	N/A
NC Arb	1	5	9,426,670	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	9,426,670	100.00%	5	100.00%	N/A	N/A
Reserve-for Repairs and Renovations & Cost Overruns**			0																		
Total	319	579	2,500,000,000	0	0.00%	0	0.00%	6,443,250	0.26%	3	0.52%	0	0.00%	0	0.00%	2,493,556,750	99.74%	576	99.48%	0	0.00%

\*The number of projects undertaken by the institutions differs from the number as listed in the bond legislation because projects are in some instances combined or separated into multiple phases. The percentages reported are based on the number of bid packages being prepared by the institution in order to give a more accurate progress picture. The number of projects listed based on legislation, reflects the original 316 items with adjustments approved through scope change requests.

\*\*The initial reserve of \$25,186,595 has been reduced as reserves were transferred to institutions and is now fully allocated.

\*\*\*Land acquisition amounts are moved to the "Closed Out" column when final close-out reports are submitted on these purchases. UNC-TV is completing remaining equipment purchases related to digital television conversion, reflected in "In Construction" column.

## HUB Participation

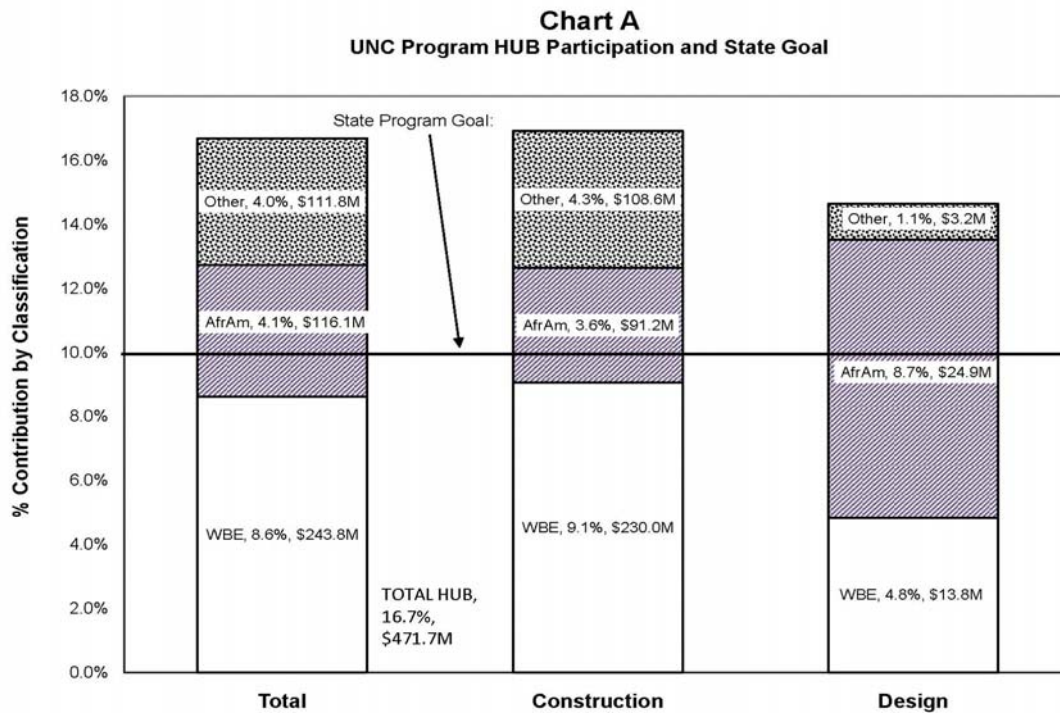
In line with the Board of Governor's policy of inclusion on design and construction projects, significant outreach efforts were implemented during the Bond Program. A system-wide Historically Underutilized Business (HUB) Plan included reporting, management, outreach strategies, and education as well as the development of partnerships and mentor-protégé relationships. The HUB Academy, a training program which received funding from the General Assembly, prepared HUB firms to compete effectively.

Throughout the Program, best practices and lessons learned were identified and shared among institutions. The participation achieved would not have been possible without the support of the Board of Governors, the Higher Education Bond Oversight Committee, Chancellors, facility administrators, project managers, and HUB coordinators. Despite the many barriers throughout the program including financial, capacity of the existing pool of HUB firms and their limited experience with performing public construction contracts, substantial efforts were made to attempt to mitigate their impact.

The HUB participation for contracts awarded throughout the Bond Program was 16.9% for construction contracts and 14.6% for design contracts. \$430,000,000 was spent with African American, Women-Owned, and other ethnic minority businesses on construction contracts as depicted below.

<b>HUB Businesses</b>	<b>Dollars</b>	<b>Percent</b>
<u>Construction</u>		
African American	\$91,245,643	3.6%
Women-Owned	\$229,960,504	9.0%
Other Minorities	\$108,587,285	4.3%
	\$429,793,433	16.9%
<u>Design</u>		
African American	\$24,882,128	8.7%
Women-Owned	\$13,817,818	4.8%
Other Minorities	\$3,212,965	1.1%
	\$41,912,911	14.6%

The State's goal for HUB participation of 10%, which the University exceeded, is illustrated below. The chart also shows that women-owned businesses comprised slightly more than half with the remaining participation being made up of ethnic minorities.

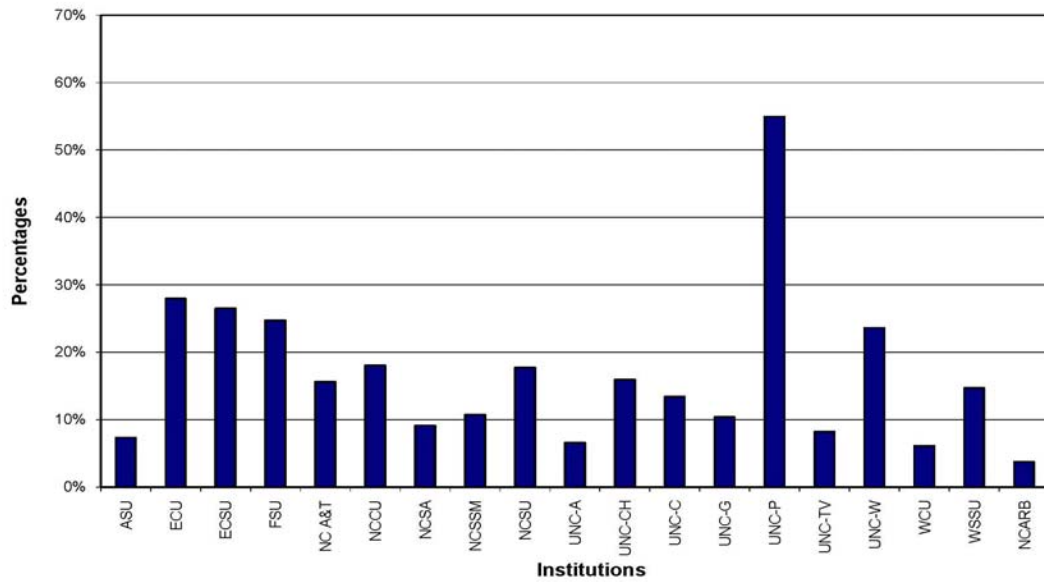


The following Chart B illustrates the participation achieved at each institution. Roughly 69% of the institutions achieved or exceeded the 10% goal. A minimum 10% goal or a demonstrated Good Faith Effort were required to be in compliance with state mandates.

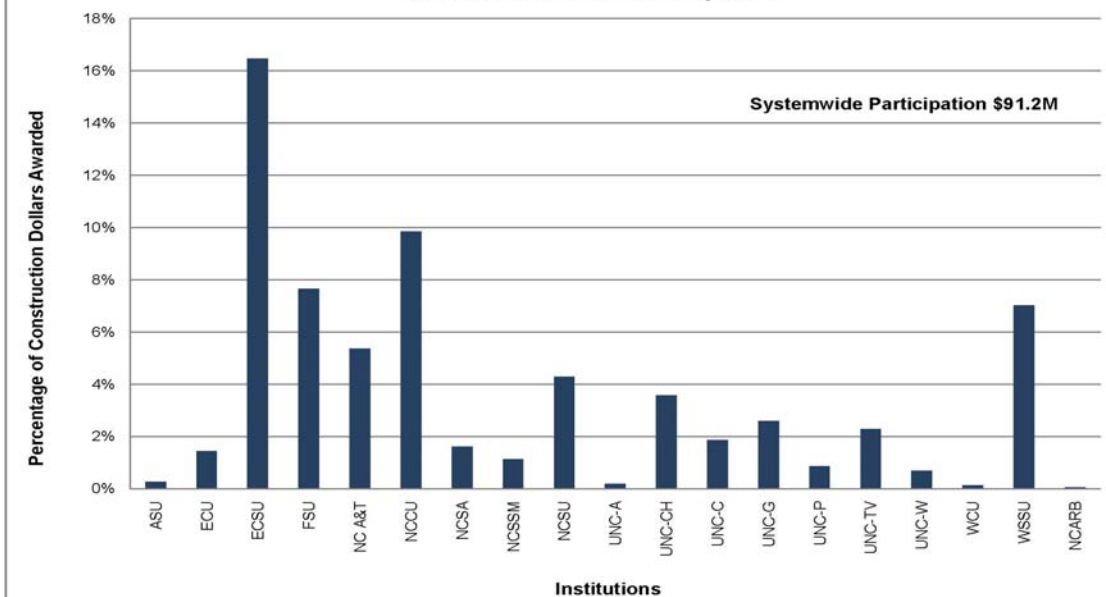
Chart C further defines the African American participation achieved at each institution.

Finally Chart D shows the dollars spent, the percentage of each institution's HUB participation by minority classification, and the system's total HUB dollars and percent.

**CHART B**  
HUB Construction Percentages by Institution



**CHART C**  
African American Participation



## UNC Bond Program

**CHART D**  
**HUB Participation in Bond Construction Projects**  
**Summary by Institution**

Institution	DOLLAR AMOUNTS								PERCENTAGES						
	African American	Hispanic	Asian American	American Indian	(Non-Minority) Female	Socially and Economically Disadvantaged	TOTAL HUB	Project Total	African American	Hispanic	Asian American	American Indian	(Non-Minority) Female	Socially and Economically Disadvantaged	Total
ASU	\$207,721	\$393,718	\$500,334	\$38,200	\$4,585,728	\$1,975	\$5,727,676	\$77,988,525	0.3%	0.5%	0.6%	0.0%	5.9%	0.0%	7.3%
ECU	\$2,312,933	\$17,487,112	\$809,709	\$106,944	\$23,105,490	\$1,061,473	\$44,883,661	\$160,562,699	1.4%	10.9%	0.5%	0.1%	14.4%	0.7%	28.0%
ECSU	\$5,661,430	\$542,390	\$16,000	\$3,900	\$2,887,928	\$0	\$9,111,648	\$34,388,208	16.5%	1.6%	0.0%	0.0%	8.4%	0.0%	26.5%
FSU	\$3,357,631	\$2,000	\$58,694	\$4,562,896	\$2,592,754	\$264,148	\$10,838,123	\$43,822,732	7.7%	0.0%	0.1%	10.4%	5.9%	0.6%	24.7%
NC A&T	\$8,035,216	\$2,382,755	\$0	\$34,825	\$12,864,049	\$16,087	\$23,332,932	\$149,744,702	5.4%	1.6%	0.0%	0.0%	8.6%	0.0%	15.6%
NCCU	\$11,258,579	\$1,119,584	\$0	\$0	\$8,233,905	\$0	\$20,612,068	\$114,235,316	9.9%	1.0%	0.0%	0.0%	7.2%	0.0%	18.0%
NCSA	\$526,001	\$81,717	\$0	\$0	\$2,374,445	\$0	\$2,982,163	\$32,598,941	1.6%	0.3%	0.0%	0.0%	7.3%	0.0%	9.1%
NCSU	\$21,018,227	\$8,297,880	\$1,894,427	\$1,166,185	\$54,158,639	\$423,538	\$86,958,896	\$490,558,022	4.3%	1.7%	0.4%	0.2%	11.0%	0.1%	17.7%
UNCA	\$101,089	\$2,585,434	\$0	\$0	\$885,690	\$0	\$3,572,213	\$54,162,610	0.2%	4.8%	0.0%	0.0%	1.6%	0.0%	6.6%
UNC-CH	\$27,090,883	\$22,365,274	\$4,167,791	\$2,800,567	\$64,038,783	\$405,741	\$120,869,039	\$757,286,358	3.6%	3.0%	0.6%	0.4%	8.5%	0.1%	16.0%
UNCC	\$3,156,143	\$889,301	\$741,073	\$27,748	\$18,071,498	\$0	\$22,885,763	\$170,559,562	1.9%	0.5%	0.4%	0.0%	10.6%	0.0%	13.4%
UNCG	\$3,760,646	\$1,225,532	\$420,241	\$1,084,330	\$8,546,992	\$0	\$15,037,741	\$144,870,676	2.6%	0.8%	0.3%	0.7%	5.9%	0.0%	10.4%
UNCP	\$403,506	\$93,200	\$0	\$17,370,460	\$2,344,805	\$5,865,860	\$26,077,831	\$47,464,584	0.9%	0.2%	0.0%	36.6%	4.9%	12.4%	54.9%
UNCW	\$649,516	\$3,188,498	\$0	\$496,895	\$17,629,369	\$376,205	\$22,340,483	\$94,574,538	0.7%	3.4%	0.0%	0.5%	18.6%	0.4%	23.6%
WCU	\$119,678	\$2,395,256	\$2,709	\$5,028	\$3,542,760	\$0	\$6,065,431	\$99,491,233	0.1%	2.4%	0.0%	0.0%	3.6%	0.0%	6.1%
WSSU	\$3,341,361	\$480,406	\$0	\$0	\$3,076,817	\$99,652	\$6,998,236	\$47,601,333	7.0%	1.0%	0.0%	0.0%	6.5%	0.2%	14.7%
UNC-TV	\$182,726	\$0	\$0	\$0	\$475,407	\$0	\$658,133	\$8,020,967	2.3%	0.0%	0.0%	0.0%	5.9%	0.0%	8.2%
NCSSM	\$58,998	\$79,665	\$10,658	\$22,513	\$396,101	\$0	\$567,935	\$5,269,071	1.1%	1.5%	0.2%	0.4%	7.5%	0.0%	10.8%
NCARB	\$3,359	\$120,757	\$0	\$0	\$149,344	\$0	\$273,460	\$7,296,128	0.0%	1.7%	0.0%	0.0%	2.0%	0.0%	3.7%
<b>TOTAL</b>	<b>\$91,245,643</b>	<b>\$63,730,479</b>	<b>\$8,621,636</b>	<b>\$27,720,491</b>	<b>\$229,960,504</b>	<b>\$8,514,679</b>	<b>\$429,793,433</b>	<b>\$2,540,496,205</b>	<b>3.59%</b>	<b>2.51%</b>	<b>0.34%</b>	<b>1.09%</b>	<b>9.05%</b>	<b>0.34%</b>	<b>16.92%</b>

Chart 10 summarizes by dollars and percentages the construction awards to Historically Underutilized Businesses for each campus or affiliate.