

Authorization of Non-Appropriated Capital Improvements Projects

Each biennium, the Board of Governors adopts a six-year plan for capital improvements. In general, the legislature provides funds to construct projects that directly relate to the University's core instructional activities and some research activities, while campus-based sources of funding are used to provide residence and dining halls, some research facilities, student recreation and athletic facilities, and parking decks. On an annual basis, the Board considers campus proposals for non-appropriated projects that require the issuance of long-term debt and, if approved by the Board, the projects are forwarded to the General Assembly for authorization.

For 2013, the President recommends that the Board approve 17 capital improvements projects at nine institutions totaling \$468,505,960. It should be noted that this list has been pared down from the original slate of campus requests that totaled \$577,199,460.

Many of these projects have been advanced by the respective chancellor to help the campus meet the retention and graduation goals established by the Board. For example, it is well documented that students who live in on-campus residential facilities are retained at higher levels than those who live off campus. In that same vein, there is considerable evidence that campus-based amenities and services, e.g., student unions and recreational facilities, enhance the overall educational experience and help create a sense of community. Other projects on this list are directly targeted at improving student health and safety.

Moving forward with construction of these facilities now also would enable our campuses to take advantage of continuing low construction and financing costs. As the economy improves, construction costs are projected to increase. Importantly, these projects

also would provide a needed boost to the State's construction industry by supporting approximately 7006 new jobs and over \$995 million in new local spending across North Carolina.* Postponing these projects would likely increase their final construction cost significantly. For every \$1 million of indebtedness, a 1% increase in interest rates would require an additional \$300,000 in financing, assuming the projects were financed over 30 years. Each project in this recommendation has been reviewed and determined to be needed and financially viable.

It is recommended that the Board approve the 17 new or supplemental capital improvements projects at nine institutions totaling \$468,505,960, of which \$468,505,960 is projected to be indebtedness. If approved, these projects will be forwarded to the General Assembly for authorization during the 2013 Session. It is further recommended that the President of the University, or his designee, be authorized to make refinements to the request in the interest of accuracy and completeness. For each authorized project, a detailed financial plan will be reviewed 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.

* Source of employment and income multipliers is Dr. Michael L. Walden, NCSU

Table I
THE UNIVERSITY OF NORTH CAROLINA
2013 Non Appropriated Projects Request

Institution	Project Title	Total (\$)	Cash (\$)	Debt (\$)	Source of Funds	Debt Service Fee Change (\$)
ASU	Anne Belk Hall Renovations	4,000,000	-	4,000,000	Student debt service fee	14.00
ASU	Soccer Field to Field Hockey Renovation	1,500,000	-	1,500,000	Student debt service fee	10.00
ECU	Belk Residence Hall Demolition and Reconstruction - Supplement	16,000,000	-	16,000,000	Housing receipts	-
ECU	Women and Children's Clinic Facility	71,605,960	-	71,605,960	ECU Physicians/Parking receipts	-
NCA&T	New Student Center*	90,000,000	-	90,000,000	Student debt service fee	450.00
NCSU	Carmichael Locker Room Renovation	7,600,000	-	7,600,000	Student debt service fee	27.50
UNC-CH	Rizzo Center Phase III Acquisition	36,000,000	-	36,000,000	Gifts	-
UNC-CH	South Road Bridge & Pedestrian Improvements	9,850,000	-	9,850,000	Open Space/Pedestrian Safety Trust funds	-
UNC-CH	Odum Village Replacement*	25,000,000	-	25,000,000	Housing receipts	-
UNC-CH	Craige Parking Deck-Supplement	4,000,000	-	4,000,000	Parking receipts	-
UNCC	Holshouser Hall Renovation	16,000,000	-	16,000,000	Housing receipts	-
UNCC	Oak Hall Renovation, Phase V	8,900,000	-	8,900,000	Housing receipts	-
UNCC	Residence Hall, Phase XIII	34,750,000	-	34,750,000	Housing receipts	-
UNCG	Spartan Village Phase I Acquisition	67,000,000	-	67,000,000	Housing receipts	-
WCU	Upper Campus New Residence Hall	48,000,000	-	48,000,000	Housing receipts	-
WSSU	Bowman Gray Stadium & Civitan Park Acquisition**	7,500,000	-	7,500,000	Student debt service fee	110.00
WSSU	New Residence Hall - Freshmen Living/Learning	20,800,000	-	20,800,000	Housing receipts	-
	Totals	468,505,960	-	468,505,960		611.50

* This project received advance planning authority in 2012

** This acquisition and its associated fee was approved in 2012 but withdrawn from consideration during the 2012 Session

Appalachian State University

Anne Belk Hall Renovations – \$4,000,000

This project would repurpose approximately 30,000 square feet of underutilized open-stack library space on the third floor of Anne Belk Hall (built in 1968, 142,672 square feet, 3-story) to classroom and office space. Work would also address deferred maintenance, accessibility, and life safety issues and upgrade plumbing, mechanical, and electrical systems. The project would be financed from indebtedness to be repaid from a new \$14 debt service fee. The proposed debt service fee was approved by the ASU Board of Trustees with student participation, as required by the Board's tuition and fee policy and considered by the Board of Governors in February 2013.

Soccer Field to Field Hockey Renovation – \$1,500,000

This project would convert an existing soccer field to use for field hockey. Work will include new playing base, competition playing surface, and field irrigation and drainage systems. The project would be financed from indebtedness to be repaid from gifts and a new \$10 debt service fee. The proposed debt service fee was approved by the ASU Board of Trustees with student participation, as required by the Board's tuition and fee policy and considered by the Board of Governors in February 2013.

East Carolina University

Belk Residence Hall Demolition and Reconstruction - Supplement – \$16,000,000

This project was previously approved by the 2012 General Assembly. This proposed increase would allow the construction of a 700-bed instead of a 500-bed residence hall to help meet a growing demand for on-campus housing. This project would demolish the existing Belk Residence Hall (built in 1966, 89,000 square feet, 4-story, 495 beds) and construct, on the same site, a 206,000 square-foot facility including 700 beds in two, four-story residence halls and a multipurpose residential community center. The work would be done in phases beginning in May 2013 and completing in July 2016. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 2.0% per year to produce the revenues for the housing system. The debt coverage ratio for ECU's housing system for 2010-11 was 2.69x and 1.35x in 2011-12. With the issuance of this debt, the ratio would remain above 1.41x. The total project cost would now be \$56,000,000.

Women and Children's Clinic Facility – \$71,605,960

This project would construct a 140,000 square-foot Women and Children's Clinical Facility that co-locates existing services which are housed in a number of different locations across the ECU Health Sciences Campus and Greenville, NC. Consolidation of these services into one new building on the Health Sciences Campus will create a more inviting and efficient health care delivery model for Women and Children's clinical services at ECU. The building design will also facilitate improvements in operational efficiencies as well as enhanced patient satisfaction. The project would also include a 900 space parking facility to replace the parking displaced by the project and required to meet the parking demand generated by this facility. The project would be financed from indebtedness to be repaid from a combination of ECU Physicians receipts and parking receipts.

North Carolina A&T State University

New Student Center – \$90,000,000

This project, which received advance planning authority in 2012, would construct a new 175,000 square foot Student Center to replace the existing Student Union (built in 1967, 69,275 square feet, 3-story) that was programmed to serve a student population half NCA&T's current 10,881 total enrollment (headcount). Analysis of NCA&T's peer institutions suggests that the current facility is substantively undersized to serve NCA&T's current population and will be totally inadequate when growth approaches 15,000 students by 2020. The new Student Center will provide NCA&T's students with a complex that would foster academic study and collaboration and offer enhanced retail and entertainment venues, vital meeting and event spaces, programmed student organization spaces, and administrative and student support spaces. The project would be financed from indebtedness to be repaid from a new \$450 debt service fee that would be phased-in with a \$50 increase in 2013-14; a \$100 increase in 2014-15; a \$100 increase in 2015-16 and a \$150 to \$200 increase in 2016-17. The proposed debt service fee was approved by the NCA&T Board of Trustees with student participation, as required by the Board's tuition and fee policy and considered by the Board of Governors in February 2013.

North Carolina State University

Carmichael Locker Room Renovation – \$7,600,000

This project would repurpose approximately 28,650 square feet of underutilized locker room space in Carmichael Recreation Center (built in 2007, 42,556 square feet, 3-story) as weight and fitness space and upgrade the interior finishes to better accommodate students, faculty/staff, and campus affiliates. Work would also address deferred maintenance, accessibility, and life safety issues and upgrade plumbing, mechanical, and electrical systems. The project would be financed from indebtedness to be repaid from a new \$27.50 debt service fee. The proposed debt service fee was approved by the NCSU Board of Trustees with student participation, as required by the Board's tuition and fee policy and considered by the Board of Governors in February 2013.

The University of North Carolina at Chapel Hill

Rizzo Center Phase III Acquisition – \$36,000,000

This project would acquire the Rizzo Center Phase III project from The Kenan-Flagler Business School Foundation. The project, to be built on The Board of Trustees of the Endowment Fund of The University of North Carolina at Chapel Hill land and to UNC-CH requirements and standards, would expand the Rizzo Center by 90,596 square feet to include additional teaching and residential space. The project would provide 72 additional guest rooms, three classrooms, dining venue, offices and a 172 space parking deck. The acquisition would be financed from indebtedness to be repaid by gifts. This acquisition would not have an impact on tuition and fees.

South Road Bridge & Pedestrian Improvements – \$9,850,000

This project would construct a pedestrian bridge over South Road to improve pedestrian safety and ease central campus traffic congestion. The bridge would connect Coker Hall/Genomic Science Building to the south and Kenan Labs/Caudill Labs to the north. The project would be financed from indebtedness to be repaid by Open Space/Pedestrian Safety Trust funds. This project would not have an impact on tuition and fees.

Odum Village Replacement – \$25,000,000

This project, which received advance planning authority in 2012, would redevelop the existing Odum Village Student Family Housing complex currently used as upper division undergraduate student housing. Built in 1963 with 41 buildings with four, six and eight apartments per building that provide a total of 458 beds, the useful life of the complex cannot feasibly be extended because renovations are cost prohibitive. The replacement Odum Village would provide modern residential housing offerings that meet current standards for fire safety, accessibility, and electronic access control. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 3% per year to produce the revenues for the housing system. The debt coverage ratio for UNC-CH's housing system for 2010-11 was 1.42x and 1.57x in 2011-12. With the issuance of this debt, the ratio would remain above 1.20x.

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

This project was previously approved by the 2005 and 2012 General Assembly. This proposed increase would provide the resources to accommodate bids received. Work includes structural improvements to comply with current seismic design standards and make improvements to the existing stair and elevator towers, including a new curtain wall, while maintaining the original project scope of adding four levels and up to 1,000 spaces to the existing 1,500 space, five-level deck. Work would also include code and accessibility improvements, needed maintenance, and lighting upgrades to the existing deck. The project would be financed from indebtedness to be repaid by parking receipts. The total project cost would now be \$36,000,000.

The University of North Carolina at CharlotteHolshouser Hall Renovation – \$16,000,000

This project would renovate Holshouser Residence Hall (built in 1973, 108,000 square feet, 12-story, 500-beds). Renovations would make exterior building improvements; update the mechanical, electrical, plumbing, and information technology systems; reconfigure resident rooms and common areas; and make accessibility, life safety, and other code-related improvements. Work would include extension of utilities from the South Village Regional Utility Plant. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2010-11 was 1.34x and 1.79x in 2011-12. With the issuance of this debt, the ratio would remain above 1.20x.

Oak Hall Renovation, Phase V – \$8,900,000

This project would renovate Oak Residence Hall (built in 1987, 53,992 square feet, 3-story, 244 beds). Renovations would make exterior building repairs; update the mechanical, electrical, plumbing, and information technology systems; reconfigure resident rooms and common areas; and make accessibility, life safety, and other code-related improvements. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2010-11 was 1.34x and 1.79x in 2011-12. With the issuance of this debt, the ratio would remain above 1.20x.

Residence Hall Phase XIII – \$34,750,000

This project would provide a new 430-bed residence hall designed for use by freshman students and is needed due to continuing demand for on-campus housing. The residence hall would be comprised of suite style units with two or four beds each. Each floor would include laundry room, wireless internet access in the common areas, study areas, and multi-purpose rooms. This four-story, approximately 150,000 square foot building would utilize brick and precast concrete on the exterior as is typical for the UNCC campus and be designed to meet LEED Certification and comply with SL 2007-546 (SB 668). The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2010-11 was 1.34x and 1.79x in 2011-12. With the issuance of this debt, the ratio would remain above 1.20x.

The University of North Carolina at Greensboro

Spartan Village Phase I Acquisition – \$67,000,000

This project would acquire Spartan Village Phase I, a complex consisting of land; five buildings with over 380,000 square feet that provides 874 apartment-style beds, academic space, and mixed-use space; and associated parking. The complex is currently under lease between UNCG (the State of North Carolina) and the UNCG Capital Facilities Foundation, who constructed the complex to UNCG and State requirements and standards. Acquisition by the State will allow the issuance of long-term financing at a lower interest rate than is available to the Foundation. The acquisition would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 3.5% annually to produce the revenues for the housing system. The debt coverage ratio for UNCG's housing system for 2010-11 was 2.23x and 1.59x in 2011-12. With the issuance of this debt, the ratio would remain above 1.15x.

Western Carolina University

Upper Campus New Residence Hall – \$48,000,000

This project would provide a new 600-bed residence hall by redeveloping an approximately 8-acre portion of the upper campus currently supporting Buchanan Residence Hall and associated parking. Buchanan (built in 1959, 40,457 square feet, 3-story, 181 beds) will be demolished and replaced with a new 170,000 square foot residence hall constructed in two phases in order to maintain a maximum number of campus beds during construction. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 5% per year to produce the revenues for the housing system. The debt coverage ratio for WCU's housing system for 2010-11 was 2.61x and 2.22x in 2011-12. With the issuance of this debt, the ratio would remain above 1.60x.

Winston-Salem State University

Bowman Gray Stadium & Civitan Park Acquisition – \$7,500,000

This project would acquire and renovate the Bowman Gray Stadium, the Fieldhouse, the surrounding parking lots and Civitan Park. The acquisition of this 94-acre contiguous site with associated improvements would nearly double WSSU's current 110-acre campus. The project would also provide a pedestrian bridge over the Salem Street Connector, a NCDOT/City of Winston-Salem project, to provide safe pedestrian passage between campus and the proposed real property acquisition. WSSU currently leases Bowman Gray Stadium, the Fieldhouse, the parking lots and Civitan Park from the City. The grounds and structures are used for academic classes (Human Performance, Sports Management), the parking lots are used for commuter parking, the Fieldhouse houses WSSU's Motorsports Management program, the recreation's fields support WSSU's Student Affairs Recreation programs and the Athletic department plays football in the Bowman Gray stadium. The current campus master plan suggests that WSSU would benefit from the proposed acquisition. The acquisition would be financed from indebtedness to be repaid from a new \$110 debt service fee. The proposed debt service fee was approved by the WSSU Board of Trustees with student participation, as required by the Board's tuition and fee policy and approved by the Board of Governors in February 2012. As part of the complex will serve an academic purpose, support from the General Fund for operating costs

associated with that academic part is requested. Then called *South Campus Acquisitions and Improvements*, this acquisition and its associated fee was approved in 2012 but withdrawn from consideration during the 2012 Session.

New Residence Hall - Freshman Living/Learning – \$20,800,000

This project would provide a 71,520 square foot, 5-story, 295-bed suite-style residence hall on the northwest side of campus. The new residence hall would house and provide freshman the living/learning opportunities that are central to WSSU's efforts to increase student retention and graduation rates. The project would be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents would be increased up to 5% in the building's opening year to produce the revenues for the housing system. The debt coverage ratio for WSSU's housing system for 2010-11 was 1.25x and 1.25x in 2011-12. With the issuance of this debt, the ratio would remain above 1.15x.