



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance

March 20, 2018 at 3:00 p.m.  
University of North Carolina System Office  
Spangler Center, Board Room  
Chapel Hill, North Carolina

## AGENDA

- A-1. [Approval of the Minutes of January 23 and 25, 2018](#) ..... Temple Sloan
- A-2. [2018 Non-Appropriated Capital Improvement Projects](#) .....Will Johnson
- A-3. [Capital Improvement Projects – ASU, ECU, NCCU, NCSU, UNC-CH, UNCW, and UNCSA](#).....Will Johnson
- A-4. [Disposition of Property by Easement – UNC System Office and NCSEAA](#).....Will Johnson
- A-5. [Sale of Special Obligation Bonds – ECU](#) .....Rick Whitfield
- A-6. [Sale of Special Obligation Bonds – UNCG](#).....Rick Whitfield
- A-7. [Authorization of Predevelopment Agreement – UNCW](#) .....Rick Whitfield
- A-8. Adjourn

## DRAFT MINUTES

January 23, 2018  
University of North Carolina System Office  
Spangler Center, Board Room  
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were also present by phone: Kellie Hunt Blue, Walter Davenport, Carolyn Coward, Tom Fetzner, Bob Rucho, and Harry Smith.

Chancellor participating was Carol Folt.

Staff members present included Senior Vice President and Chief Financial Officer Rick Whitfield and others from the UNC System Office.

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### 1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

Chair Sloan called the meeting to order at 2:00 p.m., on Tuesday, January 23, 2018, and called for a motion to approve the open session minutes of December 12 and 15, 2017.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the open session minutes of December 12 and 15, 2017, as distributed.

**Motion:** Walter Davenport  
**Motion carried**

### 2. Acquisition of Property by Deed – ECU (Item A-2)

Associate Vice President for Finance and Capital Planning Will Johnson presented East Carolina University's request for authorization to acquire property by way of transfer of deed from the ECU Real Estate Foundation to the University. The property is contiguous to the ECU campus and is a strategic acquisition for future improvements.

**MOTION:** Resolved, that the Committee on Budget and Finance approve East Carolina University's acquisition of property by deed and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Harry Smith  
**Motion carried**

### **3. Capital Improvement Projects – ECU, NCSU, UNC-CH, and UNCP (Item A-3)**

Mr. Johnson gave a brief summary of the eighteen capital improvement projects from ECU, NCSU, UNC-CH, and UNCP, including three for advance planning, nine new projects for authority, and six for increased authorization.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the capital improvement projects at ECU, NCSU, UNC-CH, and UNCP and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** Walter Davenport  
**Motion carried**

### **4. Disposition of Property by Demolition – UNCC (Item A-4)**

Mr. Johnson detailed the University of North Carolina at Charlotte's request for authorization to dispose of property by demolition of nine structures along Facilities Drive in Charlotte, North Carolina. This demolition would allow UNCC to proceed with the construction of the Connect NC Bond-supported Sciences Building and related infrastructure.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the disposition of property by demolition at the University of North Carolina at Charlotte and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Tom Fetzer  
**Motion carried**

### **5. Disposition of Property by Easement – UNCP (Item A-5)**

Mr. Johnson presented The University of North Carolina at Pembroke's request for authorization to dispose of property by easement to the State of North Carolina Department of Transportation (NCDOT). The NCDOT is planning road and pedestrian improvements to SR 1340 in Pembroke, North Carolina, along the eastern edge of the UNCP campus, between Third Street and Corinth Road. Right-of-way and easements are needed to support these improvements.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the disposition of property by easement at the University of North Carolina at Pembroke and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Walter Davenport  
**Motion carried**

## **6. Exchange of Property– NCSU (Item A-6)**

Mr. Johnson explained North Carolina State University's request for authorization to exchange several properties, all located on the NC State University Centennial Campus in Raleigh, North Carolina. The exchange of real property between the State of North Carolina on behalf of NC State and the Endowment Fund of NC State University is proposed as an exchange of equal acreage and equal property value.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the exchange of property at North Carolina State University and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Tom Fetzer

**Motion carried**

## **7. Sale of Special Obligation Bonds – WCU (Item A-7)**

Dr. Whitfield presented Western Carolina University's request for authorization of the issuance of special obligation bonds (the "2018 Bonds") in an amount not to exceed \$48,000,000 for the purpose of (1) the construction of the Upper Campus New Residence Hall; and (2) paying the costs incurred in connection with the issuance of the 2018 Bonds.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the issuance of special obligation bonds at WCU and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Carolyn Coward

**Motion carried**

There being no further business, the meeting adjourned at 2:30 p.m.

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Carolyn Coward, Secretary

## DRAFT MINUTES

January 25, 2018  
University of North Carolina System Office  
Center for School Leadership Development, Board Room  
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were also present: Kellie Hunt Blue, Carolyn Coward, Bob Rucho, and Harry Smith. The following committee members were absent: Walter Davenport and Tom Fetzer.

Chancellors participating were Carol Folt and Harold Martin.

Staff members present included Senior Vice President and Chief Financial Officer Rick Whitfield and others from the UNC System Office.

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Chair Sloan called the meeting to order at 2:33 p.m., on Thursday, January 25, 2018.

### 1. Tuition and Fee Presentation (Item B-1)

Dr. Whitfield summarized the UNC institutions' 2018-19 tuition proposals. Vice President for Financial Planning and Analysis Nathan Knuffman presented a summary of the 2018-19 fee proposals. Tuition and fee rates will be presented for approval by the Board of Governors at the March meeting.

Dean Doug Shackleford gave a brief presentation of the Kenan-Flagler Business School's proposed program expansion fee (PEF).

### 2. Millennial Campus Designation – UNCW (Item B-2)

Associate Vice President for Finance and Capital Planning Will Johnson presented the University of North Carolina Wilmington's request of millennial campus designation to include approximately 21.79 acres on a single site for new student housing, dining, and parking.

**MOTION:** Resolved, that the Committee on Budget and Finance approve UNC Wilmington's millennial campus designation and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Harry Smith  
**Motion carried**

### **3. Student Health Insurance (Item B-3)**

Senior Associate Vice President for Human Resources Services Brian Usischon gave an update on the UNC System-wide student health insurance program. The current contract is set to expire on July 31, 2018. Mr. Usischon noted that the University will award and execute a new contract to a vendor soon.

There being no further business, the meeting adjourned at 4:30 p.m.

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Carolyn Coward, Secretary

**AGENDA ITEM**

A-2. 2018 Non-Appropriated Capital Improvement Projects.....Will Johnson

**Situation:** Non-appropriated capital projects are financed by the University, and require legislative approval for the issuance of debt. For 2018, six institutions are requesting approval for seven capital improvement projects totaling \$290,256,428 and requiring aggregate debt issuance of \$114,602,516.

With Board approval, these projects will be forwarded to the General Assembly for authorization during the 2018 legislative session.

**Background:** On an annual basis, the Board considers university proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt and associated changes to student debt service fees.

If approved, a detailed financial plan will be reviewed in consultation with financial advisors and bond counsel before bonds are issued and construction contracts are awarded. The Board will receive subsequent requests for approval for the issuance of bonds for these projects.

**Assessment:** All projects comply with G.S. 143C (State Budget Act) and all associated fees comply with the guidelines set forth in the Four-Year Plan for Tuition and Fees.

**Action:** This item requires a vote by the committee and a vote by the full Board of Governors.

## 2018 Non-Appropriated Capital Improvement Projects

### ISSUE OVERVIEW

Non-appropriated capital projects are financed by the University, and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings. Legislative approval is required for the issuance of debt; these “self-liquidating” capital projects are approved by the legislature after the passage of the Appropriations Act. Legislative approval is not required for non-appropriated capital projects that do not require debt issuance.

Project	Total (\$)	Cash/ GO Bond/ Other (\$)	Debt (\$)	Source of Funds
<b>Appalachian State University</b>				
Sanford Hall Complete Renovation and Modernization	\$18,006,545	\$6,545	\$18,000,000	\$84 Student Debt Service Fee
<i>ASU Subtotal</i>	<i>\$18,006,545</i>	<i>\$6,545</i>	<i>\$18,000,000</i>	
<b>University of North Carolina at Chapel Hill</b>				
Translational Research Building	\$156,650,000	\$133,650,000	\$23,000,000	F&A
Parking Deck at S1 Lot (South Parking Deck)	\$14,443,516	\$7,661,000	\$6,782,516	UNC Hospitals (44%)/ Transportation Receipts (56%)
<i>UNC-CH Subtotal</i>	<i>\$171,093,516</i>	<i>\$141,311,000</i>	<i>\$29,782,516</i>	
<b>University of North Carolina at Charlotte</b>				
Residence Hall Phase XVI	\$58,500,000	\$24,500,000	\$34,000,000	Housing Fund Balance (42%)/ Housing Receipts (58%)
<i>UNCC Subtotal</i>	<i>\$58,500,000</i>	<i>\$24,500,000</i>	<i>\$34,000,000</i>	
<b>The University of North Carolina at Greensboro</b>				
Ragsdale Mendenhall Residence Hall Renovation	\$12,800,000	\$4,800,000	\$8,000,000	Housing Fund Balance (37%)/ Housing Receipts (63%)
<i>UNCG Subtotal</i>	<i>\$12,800,000</i>	<i>\$4,800,000</i>	<i>\$8,000,000</i>	
<b>The University of North Carolina at Pembroke</b>				
Campus Rec/Baseball Softball Outdoor Complex	\$5,591,667	\$1,191,667	\$4,400,000	Campus Rec Fund Balance (21%)/ \$89 Student Debt Service Fee (79%)
<i>UNCP Subtotal</i>	<i>\$5,591,667</i>	<i>\$1,191,667</i>	<i>\$4,400,000</i>	



<b>University of North Carolina Wilmington</b>				
Parking Deck II and Surface Parking	\$24,264,700	\$3,844,700	\$20,420,000	Parking Fund Balance (16%)/ Parking Receipts (84%)
<i>UNCW Subtotal</i>	<i>\$24,264,700</i>	<i>\$3,844,700</i>	<i>\$20,420,000</i>	
<b>Grand Total</b>	<b>\$290,256,428</b>	<b>\$175,653,912</b>	<b>\$114,602,516</b>	

#### **ADDITIONAL DETAIL**

##### **Appalachian State University**

Project: Sanford Hall Complete Renovation and Modernization  
Total Cost: \$18,006,545  
Description: This project, which will completely gut and renovate Sanford Hall, includes the addition of elevators and air conditioning. The 73,200 square-foot building is located at the terminus of Sanford Mall and will require necessary site work to repair and add utility service to the facility.  
Funding: The funding source for this improvement project is an \$84 student debt service fee. The funding model assumes enrollment growth of 1.5% annually.

##### **University of North Carolina at Chapel Hill**

Project: Translational Research Building  
Total Cost: \$156,650,000  
Description: This project will consolidate existing research space now spread across multiple sites both on- and off-campus into a single 160,000 square-foot building that will allow for projected growth over the next ten years. This will position UNC-CH to compete with top biomedical academic research institutions across the country and meet strategic goals for growth in annual grants in health science research. The project includes the renovation of existing facilities to accommodate a temporary experimental surgery unit currently housed in Berryhill Hall, which will be demolished in the next three years. Temporary surgery facilities will be designed to accommodate flexible holding and procedure spaces until the permanent surgery facility can be located in the new Translational Research Building.

Advance planning was authorized at \$1,750,000 by the Board in January 2017. The requested \$23,000,000 in authority will fund the complete design of the TRB, clearance and preparation of the site, and design and construction of temporary surgery facilities. UNC-CH will request the balance of construction authority in the 2019 self-liquidating capital process.

Funding: The funding source for this improvements project is F&A receipts.

Project: Parking Deck at S1 Lot (South Parking Deck)  
Total Cost: \$14,443,516  
Description: This project will construct a new 450-space parking deck at the site of the current Public Safety Lot (S1 zone) surface parking lot off Paul Hardin Drive. Site work allows for the possibility of deep excavation to depress the first parking level, the relocation of existing utilities, and storm water mitigation.  
Funding: The funding source for this improvement project is UNC Hospitals and transportation receipts. The funding model includes a student fee increase of 3.5% in 2017-18 to 2018-19 (approved in 2017-18), visitor/short-term parking fee increased by \$0.25/hour for north/mid-campus, employee/student permit price increase of 1.0% for 2017-18 to 2019-20.

#### **University of North Carolina at Charlotte**

Project: Residence Hall Phase XVI  
Total Cost: \$58,500,000  
Description: This project will construct a new residence hall providing 750-800 student beds in the South (Freshman) Village of campus and is required to meet growing student demand for lower cost on-campus accommodations. The new residence hall will offer traditional rooms (two students per room) supported by communal bathrooms to provide a low cost alternative for on-campus housing. The project includes demolition of Moore and Sanford Residence Halls which were built in 1969.  
Funding: The funding source for this improvement project is the housing fund balance and housing receipts. The funding model assumes enrollment growth of 1.5% annually.

#### **The University of North Carolina at Greensboro**

Project: Ragsdale Mendenhall Residence Hall Renovation  
Total Cost: \$12,800,000  
Description: This project will renovate Ragsdale-Mendenhall Residence Hall, constructed in 1950, and provide new heating, air conditioning, and electrical systems to meet the current standards of connecting the building to the campus chilled water system. The original exterior windows will be replaced for improved energy efficiency. Upgrades will be made for various ADA deficiencies, including the modernization of the existing elevator. The interior finishes throughout the building and student rooms will be upgraded.  
Funding: The funding source for this improvement project is housing fund balance and housing receipts. The funding model includes an annual 2.5% increase in student housing rates.

### **The University of North Carolina at Pembroke**

Project: Campus Rec/Baseball Softball Outdoor Complex  
Total Cost: \$5,591,667  
Description: This project will provide artificial turf at the existing campus recreation field, new lighting at the campus recreation field and baseball field, additional seating at the baseball and softball venues, a new indoor hitting facility for baseball and softball, new fencing, and a new entry plaza.  
Funding: The funding source for this improvement project is the campus recreation fund balance and \$89 student debt service fee. The funding model includes a projected enrollment growth of between 2%-4% annually due to NC Promise tuition rates.

### **University of North Carolina Wilmington**

Project: Parking Deck II and Surface Parking  
Total Cost: \$24,264,700  
Description: This project will provide an 800-space elevated parking deck, 200-space surface parking expansion, and related roadway improvements and appurtenances to address student parking needs.  
Funding: The funding sources for this improvement project are the parking fund balance and parking receipts. The funding model includes an annual 2%-2.5% increase in annual permit rates.

### Rating Changes (April 2016 through February 2018)

	Moody's	S&P	Fitch	Observations
ASU	Aa3	-	-	<ul style="list-style-type: none"> <li>Moody's rating on ECSU's general revenue bonds were downgraded to "Baa2" from "Baa1."</li> <li>None of the campuses received a rating upgrade during the period covered by the FY2017 Study.</li> <li>None of the campuses received a change in outlook during the period covered by the FY2017 Study.</li> </ul>
ECU	Aa2	AA-	-	
ECSU	Baa2	-	-	
FSU	-	A-	A+	
NCA&T	A1	-	A+	
NCCU	A3	-	-	
NCSU	Aa1	AA	-	
UNCA	A1	-	-	
UNC-CH	Aaa	AAA	AAA	
UNCC	Aa3	A+	-	
UNCG	Aa3	A+	-	
UNCP	-	A-	-	
UNCW	Aa3	-	-	
UNCSA	-	-	-	
WCU	Aa3		-	
WSSU	A3	A-	-	

**AGENDA ITEM**

A-3. Capital Improvement Projects – ASU, ECU, NCSU, UNC-CH, UNCW,  
and UNCSA .....Will Johnson

**Situation:** Six UNC institutions have requested a total of thirteen capital improvement projects: three projects for advance planning, six new projects for authority, and four projects for increased authorization.

**Background:** The Board of Governors may authorize capital construction projects and advance planning projects at UNC institutions using available funds.

**Assessment:** ASU, ECU, NCSU, UNC-CH, UNCW, and UNCSA have requested projects that meet the statutory requirements and it is recommended that the Board of Governors approve the projects and their methods of funding. It is further recommended that these projects be reported to the Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## Capital Improvement Projects – ASU, ECU, NCSU, UNC-CH, UNCW and UNCSA

### ISSUE OVERVIEW

UNC institutions are required to request authority from the Board of Governors to proceed with non-appropriated capital projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

Six UNC institutions have requested a total of thirteen capital improvement projects: three projects for advance planning, six new projects for authority, and four projects for increased authorization.

### I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Appalachian State University</b>					
1.	Wey Hall – Interior Renovations (\$2,000,000)	\$200,000	-	\$200,000	Carry-forward
<i>ASU Subtotal</i>		<i>\$200,000</i>	<i>\$0</i>	<i>\$200,000</i>	
<b>East Carolina University</b>					
2.	Biology Greenhouse (\$5,000,412)	\$140,000	-	\$140,000	F&A
3.	Main Campus – New Medium Voltage Electrical POD 3 (\$8,580,008)	\$50,000	-	\$50,000	Carry-forward
<i>ECU Subtotal</i>		<i>\$190,000</i>	<i>\$0</i>	<i>\$190,000</i>	

### II. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>East Carolina University</b>					
4.	Building 43 Renovation-Phase 1	\$6,999,998	-	\$6,999,998	Carry-forward (36%) /F&A (29%) Gifts (35%)
5.	Leo Jenkins Cancer Center-Sprinkler 1st Floor	\$374,975	-	\$374,975	Carry-forward
<i>ECU Subtotal</i>		<i>\$7,374,973</i>	<i>\$0</i>	<i>\$7,374,973</i>	
<b>North Carolina Central University</b>					
6.	Outdoor Track Resurfacing	\$550,000	-	\$550,000	F&A (33%)/ Student Activity Fees (33%)/ Athletic Receipts (34%)
<i>NCCU Subtotal</i>		<i>\$550,000</i>	<i>\$0</i>	<i>\$550,000</i>	

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
7.	Academic Success Center at DH Hill Library	\$14,234,213	\$700,000	\$13,534,213	Carry-forward (76%) / F&A (24%)
8.	Site Enhancement – Avent Ferry Complex Buildings E&F	\$400,000	-	\$400,000	Housing Receipts
<i>NCSU Subtotal</i>		<i>\$14,634,213</i>	<i>\$700,000</i>	<i>\$13,934,213</i>	
<b>University of North Carolina Wilmington</b>					
9.	Data Center Rack, HVAC, and UPS Upgrades	\$791,833	-	\$791,833	Education and Technology Fees
<i>UNCW Subtotal</i>		<i>\$791,833</i>	<i>\$0</i>	<i>\$791,833</i>	

### III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Appalachian State University</b>					
10.	Wey Hall Air Handling Unit Repair/Replacement	\$350,000	\$275,000	\$75,000	Energy Savings Carry-forward
<i>ASU Subtotal</i>		<i>\$350,000</i>	<i>\$275,000</i>	<i>\$75,000</i>	
<b>North Carolina State University</b>					
11.	Dabney Hall Lab Exhaust Upgrades – Phase 1	\$4,513,965	\$1,923,965	\$2,590,000	F&A (25%)/R&R (72%)/Energy Savings Carry-forward (3%)
<i>NCSU Subtotal</i>		<i>\$4,513,965</i>	<i>\$1,923,965</i>	<i>\$2,590,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
12.	Everett, Lewis & Stacy Window Replacement & HVAC Improvements	\$5,771,866	\$4,500,000	\$1,271,866	Housing Receipts
<i>UNC-CH Subtotal</i>		<i>\$5,771,866</i>	<i>\$4,500,000</i>	<i>\$1,271,866</i>	
<b>University of North Carolina School of the Arts</b>					
13.	Performance Place Renovations	\$8,760,000	\$7,900,000	\$860,000	Carry-forward
<i>UNCSA Subtotal</i>		<i>\$8,760,000</i>	<i>\$7,900,000</i>	<i>\$860,000</i>	
<b>Grand Total</b>		<b>\$43,136,850</b>	<b>\$15,298,965</b>	<b>\$27,837,885</b>	

**RECOMMENDATION**

All projects and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that these projects be authorized and reported to the Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.



**AGENDA ITEM**

A-4. Disposition of Property by Easement – UNC System Office and NCSEAA .....Will Johnson

**Situation:** The President of the University of North Carolina requests authorization to dispose of property by way of easement at the Research Triangle Park (RTP) location of the North Carolina State Education Assistance Authority (NCSEAA) to Time Warner Cable Southeast LLC, dba Spectrum Business (Spectrum).

**Background:** Spectrum is planning the installation of approximately 1,430 lineal feet of fiber optic cable along 10 UNC-TV Drive from the intersection of Alexander Drive to the NCSEAA building. An easement is needed to support this improvement.

**Assessment:** The North Carolina State Education Assistance Authority administers inter-institutional programs of student financial assistance and serves state government officials, the University of North Carolina System, the North Carolina Community College System, and the North Carolina Independent Colleges and Universities in various matters pertaining to financial aid. The planned fiber optic cable improvement will increase the speed and reliability of internet service, and access to NCSEAA.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Disposition of Property by Easement – UNC System Office and NCSEAA**

### **ISSUE OVERVIEW**

UNC institutions are required to request authority from the Board of Governors of the University of North Carolina System to proceed with certain acquisitions and dispositions of real property.

The University of North Carolina System Office and the North Carolina State Education Assistance Authority (NCSEAA) are requesting authority to convey a property easement to Spectrum to support the installation of approximately 1,430 lineal feet of fiber optic cable from T.W. Alexander Drive to the NCSEAA building.

It is anticipated that the State Property Office will convert this easement into a property conveyance once the installation of the fiber optic cable has been completed. At that time, the property acreage needed for the subject project will be identified.

This is a no-cost easement and anticipates a no-cost future property conveyance.

The State of North Carolina Department of Administration Disposition of Real Property PO-2 Form and back-up information will be submitted to the State Property Office upon approval of the Board and execution by the Secretary of the University.

### **RECOMMENDATION**

It is recommended that this request of the University of North Carolina System Office and the NCSEAA be approved.

**AGENDA ITEM**

A-5. Sale of Special Obligation Bonds – ECU.....Rick Whitfield

**Situation:** East Carolina University requests that the Board issue special obligation bonds in one or more series to (1) finance and refinance the Dowdy-Ficklen Stadium Southside renovation project, (2) finance the second phase of various residence hall improvements, and (3) pay the costs incurred in connection with the issuance of the bonds.

**Background:** The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. A portion of the proceeds of the requested bonds will be used to refinance a bond anticipation note previously issued to fund the Dowdy-Ficklen Stadium Southside renovation project. The General Assembly authorized the Dowdy-Ficklen Stadium Southside renovation project under S.L. 2017-14, UNC Capital Projects (H.B. 620) and the residence hall renovations under S.L. 2015-275, UNC Self-Liquidating Projects (H.B. 679).

**Assessment:** ECU has an issuer credit rating of “Aa2 with a stable outlook” by Moody’s Investors Service and an issuer credit rating of “AA- with a stable outlook” by Standard & Poor’s. This transaction is expected to have no impact on ECU’s credit ratings.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Sale of Special Obligation Bonds – East Carolina University**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. Although a specific source of funding is used by an institution when retiring these bonds, special obligation bonds are generally payable from all institutional revenues excluding tuition, state appropriations, and restricted reserves.

East Carolina University requests that the Board issue special obligation bonds in one or more series in an aggregate principal amount not to exceed \$81,100,000 (the “2018 Bonds”) in order to (1) refinance on a long-term basis a bond anticipation note previously issued to finance the construction of the Dowdy-Ficklen Stadium Southside renovation project, (2) finance the completion of the Dowdy-Ficklen Stadium Southside renovation project, (3) finance the second phase of various residence hall improvements, and (4) pay related costs of issuance.

The General Assembly authorized \$65,000,000 in residence hall renovations under S.L. 2015-275 (H.B. 679), of which \$26,100,000 remains authorized and available. The General Assembly authorized the \$55,000,000 Dowdy-Ficklen Stadium Southside renovation project under S.L. 2017-141 (H.B. 620), which the Board of Governors and the Director of the Budget subsequently increased to \$60,000,000. ECU will not, however, issue more than \$55,000,000 in bonds to finance the Dowdy-Ficklen Stadium Southside renovation project.

Issuing long-term debt for the Dowdy-Ficklen Stadium Southside renovation project in connection with the financing of the residence hall renovations will allow ECU to take advantage of favorable market conditions, eliminate interest rate risk, and reduce costs of issuance.

The 2018 Bonds will be sold in the public market through a competitive sale process.

ECU has an issuer credit rating of “Aa2 with a stable outlook” by Moody’s Investors Service and an issuer credit rating of “AA- with a stable outlook” by Standard & Poor’s. This transaction is expected to have no impact on ECU’s credit ratings.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor.

It is recommended that the President of the University of North Carolina System, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH  
CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE  
SPECIAL OBLIGATION BOND PROJECTS FOR EAST CAROLINA UNIVERSITY**

**WHEREAS**, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina (the “University”) is vested with general control and supervision of Appalachian State University, East Carolina University (“ECU”), Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, University of North Carolina at Asheville, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, University of North Carolina Wilmington, University of North Carolina School of the Arts, Western Carolina University and Winston-Salem State University and other institutions; and

**WHEREAS**, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

**WHEREAS**; the Board has determined to issue East Carolina University General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$86,100,000 to (a) prepay East Carolina University Taxable General Revenue Bond Anticipation Note, Series 2017 (the “Note”), the proceeds of which were used to pay a portion of the costs of renovations to the South Side of Dowdy-Ficklen Stadium, as authorized by Chapter 141 of the 2017 Session Laws of the North Carolina General Assembly (the “Dowdy-Ficklen Project”), (b) pay the costs of the completion of the renovations to the Dowdy-Ficklen Project, (c) pay the costs of renovations of residence halls located on ECU’s campus, as authorized by Chapter 275 of the 2015 Session Laws of the North Carolina General Assembly (the “Residence Hall Projects,” and together with the Dowdy-Ficklen Project, the “Special Obligation Bond Projects”) and (d) pay the costs incurred in connection with the issuance of the Bonds; and

**WHEREAS**, the Board has determined to issue the Bonds under the General Trust Indenture dated as of June 1, 2003 (the “General Indenture”) between the Board and Wachovia Bank, National Association, the successor to which is U.S. Bank National Association, as trustee (the “Trustee”), and Series Indenture, Number 16 (the “Sixteenth Series Indenture”) between the Board and the Trustee; and

**WHEREAS**, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of ECU or the Board in each Fiscal Year remaining after satisfying obligations of ECU or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the General Indenture of the Board with respect to ECU, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by ECU students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);

**WHEREAS**, the Board proposes to sell the Bonds through a competitive sale to the bidder or bidders whose bid or bids result in the lowest true interest cost to ECU; and

**WHEREAS**, there have been made available to the Board forms of the following documents (the “*Board Documents*”), which the Board proposes to approve, ratify, execute and deliver, as applicable, to effectuate the financing:

1. the Sixteenth Series Indenture;
2. the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the Bonds;
3. the form of the Notices of Sale for the Bonds (the “*Notices of Sale*”); and
4. the Bonds in the form set forth in the Sixteenth Series Indenture; and

**WHEREAS**, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes for the Bonds, as set forth in Section 116D-23 of the Act;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Governors of the University of North Carolina as follows:

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$86,100,000 under the General Indenture and the Sixteenth Series Indenture. The Bonds may be issued in one or more series of bonds, including any combination of tax-exempt and taxable bonds as the Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at ECU, determines to be in the best interest of the University and ECU.

Section 2. **Sufficiency of Available Funds.** That Available Funds are designated as the source of payment of the Bonds. The Board hereby finds that (1) sufficient Available Funds are reasonably expected to be available to pay the principal of and interest on the Bonds and (2) the renovations to the Dowdy-Ficklen Project authorized by Chapter 141 of the 2017 Session Laws of the North Carolina General Assembly and the renovations of residence halls authorized by Chapter 275 of the 2015 Session Laws of the North Carolina General Assembly to be financed and refinanced by the Bonds are the Special Obligation Bond Projects being financed.

Section 3. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President and the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the University (the “*Authorized Officers*”), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents the Authorized Officers are each hereby authorized, empowered and directed to

do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 4. ***Authorization of Preliminary Official Statement and Official Statement.*** That the form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The Authorized Officers are hereby each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate. The use of the Official Statement in connection with the sale of the Bonds is hereby authorized, approved and confirmed.

Section 5. ***General Authority.*** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and ongoing administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively.

Section 6. ***Conflicting Provisions.*** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 7. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 23<sup>rd</sup> day of March, 2018.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF ORANGE

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I, Andrea Poole, Senior Associate Vice President and Secretary of the University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on March 23, 2018 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina held on March 23, 2018 was sent to each member of the Board, and (3) a quorum was present at the meeting on March 23, 2018 at which time the foregoing Resolution was adopted.

**WITNESS**, my hand and the seal of the University of North Carolina this \_\_\_\_ day of \_\_\_\_\_, 2018.

[SEAL]

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Andrea Poole  
Senior Associate Vice President and Secretary  
The University of North Carolina



**AGENDA ITEM**

A-6. Sale of Special Obligation Bonds – UNCG .....Rick Whitfield

**Situation:** The University of North Carolina at Greensboro requests that the Board issue special obligation bonds in an amount not to exceed \$50,900,000 for the purpose of acquiring Spartan Village – Phase II residence hall, and paying the costs incurred in connection with the issuance of the bonds.

**Background:** The Board of Governors of the University of North Carolina System is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. The General Assembly authorized the Spartan Village – Phase II project under S.L. 2017-141, UNC Capital Projects (H.B. 620).

**Assessment:** UNCG currently has an issuer credit rating of “Aa3 with a stable outlook” by Moody’s Investors Service and an issuer credit rating of “A+ with a stable outlook” by Standard & Poor’s. This transaction is expected to have no impact on UNCG’s credit rating.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Sale of Special Obligation Bonds – The University of North Carolina at Greensboro**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvement projects that have been approved by the General Assembly. Although a specific source of funding is used by an institution when retiring these bonds, special obligation bonds are generally payable from all institutional revenues excluding tuition, state appropriations, and restricted reserves. Specific funding sources for the current capital project include student receipts for the residence facility (self-liquidating).

The University of North Carolina at Greensboro (“UNCG”) requests that the Board issue special obligation bonds in an amount not to exceed \$50,900,000 to finance the acquisition of Spartan Village – Phase II from Capital Facilities Foundation, Inc. (the “Foundation”), an affiliate support organization of UNCG, and to pay costs incurred in connection with the issuance of the bonds. Proceeds of the bonds will be used to repay an interim loan incurred by the Foundation to finance the construction of the Spartan Village – Phase II project.

The bonds will be sold on a negotiated basis with an underwriter to be selected through a competitive RFP process. The General Assembly authorized the \$50,900,000 Spartan Village – Phase II project under S.L. 2017-141 (H.B. 620).

UNCG currently has an issuer credit rating of “Aa3 with a stable outlook” by Moody’s Investors Service and an issuer credit rating of “A+ with a stable outlook” by Standard & Poor’s. This transaction is expected to have no impact on UNCG’s credit rating.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor.

It is recommended that the President of the University of North Carolina System, or her designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH  
CAROLINA AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE  
SPECIAL OBLIGATION BOND PROJECT FOR THE UNIVERSITY OF NORTH CAROLINA AT  
GREENSBORO**

**WHEREAS**, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina (the “University”) is vested with general control and supervision of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, University of North Carolina at Asheville, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro (“UNC Greensboro”), The University of North Carolina at Pembroke, University of North Carolina Wilmington, University of North Carolina School of the Arts, Western Carolina University and Winston-Salem State University and other institutions; and

**WHEREAS**, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

**WHEREAS**, the Board has determined to issue The University of North Carolina at Greensboro General Revenue Bonds, Series 2018 (the “2018 Bonds”) in an aggregate principal amount not to exceed \$50,900,000 to (1) pay the costs of the acquisition of the residence hall on the UNC Greensboro campus known as Spartan Village – Phase II authorized by Chapter 141 of the 2017 Session Laws of the General Assembly of North Carolina (the “Special Obligation Bond Project”), and (2) pay the costs incurred in connection with the issuance of the 2018 Bonds; and

**WHEREAS**, the Board has determined to issue the 2018 Bonds under the General Trust Indenture dated as of June 1, 2001 (the “General Indenture”) between the Board and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and Series Indenture, Number 13 (the “Thirteenth Series Indenture”) between the Board and the Trustee; and

**WHEREAS**, the 2018 Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Greensboro or the Board in each Fiscal Year remaining after satisfying obligations of UNC Greensboro or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the General Indenture of the Board with respect to UNC Greensboro, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Greensboro students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, and (4) revenues generated by Special Facilities (as defined in the General Indenture) (collectively, the “Available Funds”); and

**WHEREAS**, the Board proposes to sell all of the Bonds to one or more financial institutions selected through a request for proposals process whose bid or bids result in the most favorable terms for UNC Greensboro (the “Underwriters”), pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Underwriters; and

**WHEREAS**, there have been made available to the Board forms of the following documents (the “*Board Documents*”), which the Board proposes to approve, ratify, execute and deliver, as applicable, to effectuate the financing:

1. the Thirteenth Series Indenture;
  2. the Purchase Agreement;
  3. the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the 2018 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the 2018 Bonds; and
  4. the 2018 Bonds in the form set forth in the Thirteenth Series Indenture;
- and

**WHEREAS**, the issuance of the 2018 Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes for the 2018 Bonds, as set forth in Section 116D-23 of the Act; and

**WHEREAS**, the State, on behalf of UNCG, has previously entered into a Lease Agreement between the State, as lessee, and Capital Facilities Foundation, Inc. (the “*Company*”), as lessor (the “*Lease*”), whereby the Company leased the Special Obligation Bond Project to the State, on behalf of UNCG, as lessee, and the Company and UNCG entered into a Use Agreement (the “*Use Agreement*”), whereby UNCG assumed the obligations of the State under the Lease; and

**WHEREAS**, UNCG will be exercising its option to purchase the Special Obligation Bond Project, as permitted under the Lease and the Use Agreement, with the proceeds of the 2018 Bonds;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Governors of the University of North Carolina as follows:

Section 1. **Authorization of 2018 Bonds.** That the Board hereby authorizes the issuance of the 2018 Bonds in an aggregate principal amount not to exceed \$50,900,000 under the General Indenture and the Thirteenth Series Indenture. The 2018 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt and taxable bonds as the Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at UNC Greensboro, determines to be in the best interest of the University and UNC Greensboro. The Senior Vice President for Finance and Budget of the University, in consultation with the appropriate officers at UNC Greensboro, is hereby authorized and directed to select and negotiate with one or more financial institutions through a request for proposals process to purchase the 2018 Bonds as described in this Resolution.

Section 2. **Sufficiency of Available Funds.** That Available Funds are designated as the source of payment of the 2018 Bonds. The Board hereby finds that (1) sufficient Available Funds are reasonably expected to be available to pay the principal of and interest on the 2018 Bonds and (2) the acquisition of residence halls on the UNC Greensboro campus known as Spartan Village – Phase II authorized by Chapter

141 of the 2017 Session Laws of the General Assembly of North Carolina to be financed by the 2018 Bonds is the Special Obligation Bond Project being financed.

Section 3. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the University, the Senior Vice President for Finance and Budget of the University, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the University (the "*Authorized Officers*"), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 4. **Authorization of Preliminary Official Statement and Official Statement.** That the form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement by the Underwriters in connection with the sale of the 2018 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the University and the Senior Vice President for Finance and Budget of the University are hereby each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. The use of the Official Statement by the Underwriters in connection with the sale of the 2018 Bonds is hereby authorized, approved and confirmed.

Section 5. **Authorization of Option to Purchase.** That the Board requests the consent and approval of the North Carolina Department of Administration and the Council of State for UNCG to exercise the option to purchase the Special Obligation Project in accordance with the Lease and the Use Agreement. The Board authorizes UNCG to proceed to purchase the Special Obligation Bond Project in accordance with the Lease and the Use Agreement after obtaining the consent and approval of the North Carolina Department of Administration and the Council of State. Final exercise of the option is to be contingent on the issuance by the Board of the 2018 Bonds on behalf of UNCG for such purposes. Subject to conditions in this section, the Authorized Officers and the Chancellor and Vice Chancellor for Business Affairs of UNCG are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to exercise the option to purchase the Special Obligation Bond Project in accordance with the Lease and the Use Agreement.

Section 6. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2018 Bonds. Any provision in this Resolution that authorizes more than one

Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively.

Section 7. ***Conflicting Provisions.*** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 8. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 23<sup>rd</sup> day of March, 2018.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

COUNTY OF ORANGE

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I, Andrea Poole, Senior Associate Vice President and Secretary of the University of North Carolina, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina at its regular meeting on March 23, 2018 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina held on March 23, 2018 was sent to each member of the Board, and (3) a quorum was present at the meeting on March 23, 2018 at which time the foregoing Resolution was adopted.

**WITNESS**, my hand and the seal of the University of North Carolina this \_\_\_\_ day of \_\_\_\_\_, 2018.

[SEAL]

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Andrea Poole  
Senior Associate Vice President and Secretary  
The University of North Carolina

**AGENDA ITEM**

A-7. Authorization of Predevelopment Agreement – UNCW .....Rick Whitfield

**Situation:** The University of North Carolina at Wilmington requests that the Board of Governors authorize UNCW to enter into a predevelopment agreement in connection with the development of up to 1,800 beds on UNCW's Millennial Campus.

**Background:** The Board of Governors is authorized under G.S. 116-198.34 (1) to designate real property held by a constituent institution as a "Millennial Campus" of the institution, (2) to provide for the acquisition and construction of projects located on the Millennial Campus, and (3) to enter into contracts and agreements related to the acquisition and construction of such projects.

At UNCW's request, the Board previously designated a portion of the campus as a Millennial Campus to facilitate the development of a new student housing village. UNCW conducted a competitive RFQ and RFP process to solicit public-private partnership proposals for the development of the project. Based on the results of that process, UNCW determined that, when compared to UNCW's traditional delivery and financing options, a public-private partnership model would deliver additional value and savings to UNCW, reduce the timeframe for project delivery, and lower student rental rates necessary to support the project.

UNCW is requesting the Board's authorization to enter into a predevelopment agreement with the developer selected through a competitive procurement process.

**Assessment:** The predevelopment agreement will allow UNCW and the developer to continue to refine design concepts and related cost estimates to ensure project feasibility and affordability without causing a delay in the project's anticipated timeline. Under the predevelopment agreement, UNCW will be responsible for up to \$373,500 of the developer's advance planning costs prior to the negotiation and approval of the ground lease, but only if the project fails to move forward. If owed, such funds will be payable from housing reserves funded from housing receipts. If the project reaches financial close, all advance planning costs will be assumed by the nonprofit owner of the project. UNCW will request Board approval of the ground lease's terms and conditions once those terms have been finalized.



**Action:**

This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.