



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

July 26, 2018 at 12:00 p.m.
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. [Approval of the May 22 and May 23, 2018 Minutes](#) Temple Sloan
- A-2. [2018-19 Operating Budget Allocations](#)..... Nathan Knuffman
- A-3. [2018-19 Capital Improvement Budget Allocations](#)..... Nathan Knuffman
- A-4. [Authorization of Ground Lease – UNCW](#) Miles Lackey
- A-5. [Millennial Campus Expansion Request – ECU](#)..... Sara Thorndike
- A-6. [Capital Improvement Projects – N.C. A&T, NC State, UNC-Chapel Hill, UNC Charlotte, UNCSCA, and WSSU](#) Nathan Knuffman
- A-7. [Authorization of Replacement Lines of Credit – UNC-Chapel Hill](#) Nathan Knuffman
- A-8. [Disposition of Property by Easement – NCCU](#) Nathan Knuffman
- A-9. [Disposition of Property by Easement – UNC-Chapel Hill](#) Nathan Knuffman
- A-10. Discussion of 2018 – 2019 Plan of Work..... Temple Sloan
- A-11. Other Business
- A-12. Adjourn

DRAFT MINUTES

May 22, 2018

University of North Carolina System Office

Center for School Leadership and Development, Executive Conference 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 in person or by phone: Kellie Hunt Blue, Carolyn Coward, Tom Fetzner, Bob Rucho, and Harry Smith. The following committee member was absent: Walter Davenport.

Chancellor participating was Carol Folt. Vice Chancellor Robert Pompey participated on behalf of Chancellor Harold Martin.

Staff members present included Rick Whitfield, Nathan Knuffman, and others from the UNC System Office.

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

The chair called the meeting to order at 10:00 a.m. on Tuesday, May 22, 2018, and called for a motion to approve the open session minutes of March 20 and March 22, 2018.

MOTION: Resolved, that the Committee on Budget and Finance approve the open session minutes of March 20 and March 22, 2018, as distributed.

Motion: Tom Fetzner

Motion carried

2. Authorization for Guaranteed Energy Savings Performance Contract – NCSSM (Item A-2)

Interim Senior Vice President Rick Whitfield presented to the committee a request by the North Carolina School of Science and Mathematics (NCSSM) for authorization to establish a capital improvements project and to enter into a guaranteed energy savings contract in order to improve energy efficiency on the campus.

With Board approval, this project would be forwarded to the NC Council of State for approval.

MOTION: Resolved, that the Committee on Budget and Finance approve the request by NCSSM for a Guaranteed Energy Savings Performance Contract and recommend it to the full Board of Governors for a vote.

Motion: Bob Rucho

Motion carried

3. Capital Improvement Projects – Appalachian, ECU, FSU, N.C. A&T, NC State, UNC Asheville, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, and WCU (Item A-3)

Vice President Nathan Knuffman presented ten capital improvement projects from Appalachian, ECU, FSU, N.C. A&T, NC State, UNC Asheville, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, and WCU, including five projects for advance planning, ten new projects for authority, and ten projects for increased authorization.

Upon approval, these projects will be reported to the NC Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

MOTION: Resolved, that the Committee on Budget and Finance approve the Capital Improvement Projects at Appalachian, ECU, FSU, N.C. A&T, NC State, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, and WCU and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Tom Fetzner

Motion carried

4. Acquisition of Property by Lease – UNCC (Item A-4)

Mr. Knuffman introduced the University of North Carolina at Charlotte's request for acquisition of property by lease at 150 N. Research Campus Drive in Kannapolis, NC. The leased space will allow expansion of the Bioinformatics Research Center to accommodate growth of additional research staff.

This item was pulled from the agenda by the committee for more discussion at a later date.

5. Disposition of Property by Demolition – UNCC (Item A-5)

Mr. Knuffman presented UNC Charlotte's request to dispose of property by demolition of two residence hall structures at 9021 and 9029 Alumni Way in Charlotte, NC. These demolitions will allow the construction of a new residence hall.

With Board approval, final action will be required by NC Council of State.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Charlotte's request for disposition of property by demolition and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Carolyn Coward

Motion carried

6. Disposition of Property by Lease – NC State (Item A-6)

Mr. Knuffman presented North Carolina State University's request for disposition of property by lease at Poulton Innovation Center Building, 1021 Main Campus in Raleigh, NC, on the Centennial Campus. The extension of this lease exceeds the \$500,000 threshold amount that NC State is delegated to authorize.

MOTION: Resolved, that the Committee on Budget and Finance approve NC State's request for disposition of property by lease and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Bob Rucho

Motion carried

7. Sale of Special Obligation Bonds – NC State (Item A-7)

Dr. Whitfield presented NC State University's request for authorization to issue special obligation bonds in an aggregate principal amount not to exceed \$100,000,000 for the purpose of (1) refinancing outstanding indebtedness; 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 NC State and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

8. Acquisition of Property by License – NCCU (Item A-8)

Mr. Knuffman presented North Carolina Central University's request for authorization to acquire property by license at 2515 Meridian Parkway in Durham, NC. Additional on-campus housing is required to support housing needs for enrollment anticipated for the 2018-19 academic year.

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

Motion: Bob Rucho

Motion carried

There being no further business, the meeting adjourned at 10:32 a.m.

Carolyn Coward, Secretary

DRAFT MINUTES

May 23, 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 in person or by phone: Carolyn Coward, Kellie Hunt Blue, Tom Fetzer, Robert Rucho, and Harry Smith. The following committee member was absent: Walter Davenport.

Chancellor participating was Carol Folt.

Staff members present included Rick Whitfield, Nathan Knuffman, and others from the UNC System Office.

Chair Sloan called the meeting to order at 11:00 a.m. on Wednesday, May 23, 2018.

1. Proceedings of the University Funding Model Task Force (Item B-1)

Scott Lampe, chair of the Funding Model Task Force, noted that the University Funding Model Task Force has concluded its review of the current enrollment funding model after ten months of careful examination of the strengths and weaknesses of the current model, scrutiny of funding models in states like Texas, Ohio, Indiana, and Tennessee, and an assessment of performance funding policies and outcomes.

2. Report on Need-Based Aid from Tuition and Tuition Bill Statement (Item B-2)

Vice President for Financial Planning and Analysis Nathan Knuffman discussed the annual report on need-based aid from tuition sources and tuition bill statements, noting the requirement that institutions report annually to the Committee on Budget and Finance of the Board of Governors on tuition used for need-based aid. Mr. Knuffman noted that all institutions are in compliance with the freeze and cap policy.

3. UNC System Debt Capacity Study (Item B-3)

Interim Senior Vice President and Chief Financial Officer Rick Whitfield gave a brief introduction to the UNC System Debt Capacity Study, explaining, and explained that this report has been an annual requirement of the NC General Assembly since 2015. Dr. Whitfield then introduced Michael Juby, from First Tryon Advisors, who shared a presentation. Mr. Juby noted that, although the study provides a deeper understanding of a given institution's ability to borrow, it should not exclusively determine the "yes or no" of a proposed project. Instead, he said, it may simply flag the project for continued exploration.

MOTION: Resolved, that the Committee on Budget and Finance accept the UNC System Debt Capacity Study for Fiscal Year 2017 and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Tom Fetzner

Motion carried

4. Authorization of Revision to Predevelopment Agreement – UNCW (Item B-4)

Dr. Whitfield spoke in general about Public-Private Partnerships (P3s) and introduced a speaker from Brailsford & Dunlavey, a firm that specializes in facilitating these partnerships. The speaker shared a presentation and noted a few of the pitfalls when establishing benchmarks to measure success. Dr. Whitfield then introduced Miles Lackey, Vice Chancellor for Business Affairs at University of North Carolina Wilmington, who shared a presentation and summarized the proposal that UNCW be granted authority to enter into a predevelopment agreement at its Millennial Campus to provide more space for on-campus residents.

MOTION: Resolved, that the Committee on Budget and Finance approve UNCW's request for authority to enter into a predevelopment agreement at its Millennial Campus, and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Tom Fetzner

Motion carried

5. Authorization of Predevelopment Agreement – Appalachian (Item B-5)

Mr. Paul Forte, Vice Chancellor for Business Affairs at Appalachian State University, shared a presentation and summarized the request for authority to enter into a predevelopment agreement in connection with a project to redevelop student housing facilities on Appalachian's Millennial Campus. Mr. Forte noted that if the project did not go through, an option existed to purchase the plans from the developer for later use.

MOTION: Resolved, that the Committee on Budget and Finance approve Appalachian's request to enter into a predevelopment agreement to redevelop student housing facilities, and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

6. Millennial Expansion Request – WCU (Item B-6)

Western Carolina University Vice Chancellor for Administration and Finance Mike Byers shared a presentation outlining Western Carolina's Millennial Campus request. There are six additional sites that WCU would like to add to its Millennial Campus. Mr. Byers noted that a number of facilities are in need of critical maintenance. He also mentioned the importance of Cullowhee Dam to the community. Mr. Byers discussed the need to install a radio tower, as well as a communications tower.

MOTION: Resolved, that the Committee on Budget and Finance approve WCU's expansion of its Millennial Campus, and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Tom Fetzer

Motion carried

7. Other Business (Item B-7)

In other business, the request by UNC Charlotte for authority to acquire property by lease, which had been pulled from the committee's transactional call on May 22, was added back to the consent agenda.

MOTION: Resolved, that the Committee on Budget and Finance approve the request by UNC Charlotte for authority to acquire property by lease, and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Smith

Motion carried

There being no further business to discuss, the meeting adjourned at 1:05 p.m.

Carolyn Coward, Secretary

AGENDA ITEM

A-2. 2018-19 Operating Budget Allocations Nathan Knuffman

- Situation:** While most of the funding for each institution's current operations budget comes in the base budgets approved by the General Assembly, some funds for expansions and improvements are appropriated to the UNC Board of Governors for allocation to the institutions. Reductions mandated by the General Assembly are also appropriated to the Board for allocation. These items are included in the 2018 Appropriations Act [S.L. 2018-5 (Senate Bill 99)].
- Background:** By statute, the Board is directed to allocate such funds in accordance with its 2018-19 budget priorities and with any specifications in the Appropriations Act and the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated May 28, 2018. The General Assembly also made a number of appropriations and adjustments for designated programs in University Operations and Aid to Private Institutions.
- Assessment:** The allocations meet all of the directives cited in the Appropriations Act of 2018, the technical corrections bill [S.L. 2018-97 (Senate Bill 335)], and the related Joint Conference Committee Report. Many of the changes were made directly to each institution's continuation budget; however, two items requiring Board action are shown in the table on the following page.
- Action:** This item requires a vote by the committee and a vote by the full Board of Governors.

THE UNIVERSITY OF NORTH CAROLINA

2018-19 Operating Budget Allocations

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2018-19 Operating Budget Allocations

This document includes recommended allocations for operating and compensation funding, as well as additional information about the 2018 budget and related bills. A comparison of the final budget to the Board of Governors' budget priorities can be found in Appendix A.

It is recommended that the following proposed allocations for 2018-19 be approved and that the president be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the allocation of budget priorities.

A. Recommended Allocations for Items Requiring Board Approval

Table 1 summarizes the operating and compensation allocations requiring Board of Governors approval. Following the table is a summary of the methodology for each allocation.

Table 1: Recommended Allocations for Items Requiring Board Approval

Institution	EHRA & SHRA Compensation	Management Flexibility Reduction*
ASU	\$ 1,061,909	(\$ 372,391)
ECU	2,239,868	(761,520)
ECSU	143,009	0
FSU	371,253	(144,108)
N.C. A&T	824,635	(302,456)
NCCU	549,199	(272,032)
NC State	4,175,483	(1,512,325)
UNCA	307,210	0
UNC-CH	4,239,862	(1,737,704)
UNCC	1,881,509	(567,049)
UNCG	1,177,374	(433,429)
UNCP	373,300	(162,034)
UNCW	1,017,304	(362,973)
UNCSA	237,114	0
WCU	607,266	(225,562)
WSSU	431,453	(146,417)
NCSSM	95,884	0
UNC System Office	266,368	0
Total	\$20,000,000	(\$7,000,000)

**ECU, NC State, UNC-Chapel Hill, and WCU may allocate the management flex cut across the Health, Agricultural, and AHEC budget codes and the NC Arboretum fund code within the parameters outlined in S.L. 2017-57.*

2018-19 Operating Budget Allocations

1. EHRA and SHRA Compensation

In past years, the Board has awarded salary increases to positions exempt from the State Human Resources Act (EHRA) pursuant to policies adopted by the Board. For the 2018-19 fiscal year, the General Assembly appropriated \$20,026,393 in recurring funds to provide a salary increase to both EHRA and SHRA employees for the following purposes: merit, across-the-board, recruitment bonuses, retention increases, or other compensation increases. The recurring funds will impact the employee's base salary and retirement contributions. In addition, the General Assembly mandated that the annual salary of a permanent full-time University employee that is below the amount of \$31,200 shall be increased to that amount. A permanent part-time employee shall receive a prorated portion of \$31,200. Recurring funds of \$26,393 were included in the appropriation for salary increases to teachers at the NC School of Science and Mathematics in accordance with the teacher salary schedule. Table 1 shows the compensation allocations for the EHRA and SHRA employees (see Sec. 35.12 in Appendix D for more information). This allocation requires Board approval. In addition to the salary increase, employees will also receive five days of bonus leave. This leave will have no cash value and cannot be cashed in or counted toward retirement. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

2. Management Flexibility Reduction

The 2017 General Assembly directed a management flexibility nonrecurring reduction of \$7,000,000 to take effect in 2018-19. A special provision (Section 10.8) in the 2017 Appropriations Act provides guidelines for implementation of the reduction and also requires a report to Office of State Budget and Management and Fiscal Research Division by April 1, 2019. The report shall identify the total number of positions eliminated by type (faculty/non-faculty) and the low-performing, redundant, and low-enrollment programs that were eliminated.

The management flexibility reduction shall not be allocated using an across-the-board method, but shall be done in a manner that recognizes the importance of the academic missions and differences among the UNC entities.

In allocating the management flexibility reduction, the provision lists considerations (see Appendix D) and specifies that no reduction in state funds shall be allocated in 2018-19 to any of the following:

- (1) UNC Need-Based Financial Aid
- (2) North Carolina Need-Based Scholarships
- (3) Special Education Scholarships for Children with Disabilities
- (4) North Carolina Personal Education Savings Accounts Program
- (5) Opportunity Scholarship Program
- (6) North Carolina State University Agricultural Research
- (7) North Carolina School of Science and Mathematics
- (8) University of North Carolina School of the Arts
- (9) Any entity receiving less than one and one-half percent (1.5%) of the annual net General Fund appropriation for the University of North Carolina
- (10) Any budget expansion item funded by an appropriation to the Board for the 2017-19 biennium

2018-19 Operating Budget Allocations

B. Budget Items Requiring Future Action/Board Approval

1. Enrollment Change Funding

The 2017 General Assembly fully funded the Board's enrollment change funding request by appropriating \$48,163,406 for 2018-19. This appropriation was made to an OSBM reserve account. A special provision in the 2017 Appropriations Act (Sec. 10.10) requires that actual enrollment be verified following fall semester census and then the Board will allocate funds for the fiscal year, subject to the approval of the director of the budget. Spring semester funding will be based on a three-year average fall-to-spring retention of fundable credit hours. OSBM may advance funds to institutions to maintain operations until enrollment is verified. The recommended enrollment amounts for each institution will be provided to the Board at its November meeting, at which time a vote will be required to approve the allocation funding.

C. Additional Budget Actions Not Requiring Board Approval (for information only)

The General Assembly mandated reductions and increased appropriations directly to several institutional budgets, which do not require Board allocation. These are described on the following pages, for information only. Unless otherwise noted, appropriations were made in the 2018 Appropriations Act [S.L. 2018-5 (S99)].

1. Retirement Funding – TSERS

The General Assembly appropriated \$1,308,397 in recurring funds in order to increase the state's contribution for members of the Teachers' and State Employee's Retirement System (TSERS) from 18.44% to 18.86%. Nonrecurring funds of \$3,687,299 were also provided for a 1% one-time cost-of-living supplement for retirees. Sections 35.27 and 35.28 provide more information. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

2. Data Analytics

The General Assembly reduced nonrecurring funds and increased recurring funds by \$500,000 for human capital and information technology investments related to data collection, modernization, and integration projects. The revised net appropriation for this purpose is \$9 million for 2018-19. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

3. NC Promise Tuition Plan

The General Assembly provided an additional \$11 million in recurring funds for NC Promise, which sets undergraduate tuition at \$500 per semester for NC residents and \$2,500 per semester for nonresidents at three UNC institutions (ECSU, UNCP, and WCU). Funds will be used to support increased enrollment at each institution. The revised net appropriation for NC Promise is \$51 million. The General Assembly also requires a report by the Board and the chancellors of the NC Promise institutions by October 1, 2018. An associated special provision (Sec. 10.5) can be found in Appendix D and provides more information on the reporting requirements. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

2018-19 Operating Budget Allocations

4. **UNC Teacher and Principal Preparation Program Lab Schools**

Recurring funds of \$1,070,000 appropriated by the General Assembly will provide for administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program. These funds are for both start-up assistance, as well as recurring administrative support for three new lab schools to be operated by Appalachian State University, UNC Greensboro, and UNC Wilmington. The revised net appropriation for this purpose is \$2 million for 2018-19. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve) and it is recommended that the president be authorized to make further allocations.

5. **Promotion of Access to Affordable College Education**

The General Assembly provided \$1,000,000 in nonrecurring funds to the UNC System Office to promote access to affordable college education to North Carolina residents. Policies to be promoted include guaranteed tuition rates for in-state students for four years at all UNC System institutions. The System Office shall also promote NC Promise, which sets undergraduate tuition at three UNC System institutions at \$500 per semester for NC residents and \$2,500 per semester for nonresidents. The funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

6. **Faculty Recruitment and Retention**

The General Assembly increased funding for faculty recruitment and retention efforts at UNC System institutions with a \$1,000,000 appropriation (\$500,000 in recurring and \$500,000 nonrecurring funds). The revised net appropriation for this purpose is \$14 million for 2018-19. The funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve), and it is recommended that the president be authorized to make further allocations.

7. **Tuition Grant for NC School of Science and Mathematics**

Nonrecurring funds are provided for a one-year tuition grant program for students graduating from the NC School of Science and Mathematics at the conclusion of the 2018-19 academic year who then subsequently enroll full-time in a UNC System institution. Students who enroll full-time in a constituent institution in the fall of 2019 will receive a full tuition grant for one year. The net appropriation is \$970,000 (\$1,001,869 in nonrecurring funds less receipts of \$31,869). The source of the receipts is from the closure of the NC Community College Instructional Trust Fund. These funds were appropriated to the UNC System Office, Related Educational Programs, and it is recommended that the president be authorized to make further allocations.

8. **North Carolina Policy Collaboratory at UNC-Chapel Hill**

Nonrecurring funds of \$5,013,000 were appropriated by the legislature for the NC Policy Collaboratory at UNC-Chapel Hill. These funds will provide for acquisition or modification of essential scientific instruments, sample collection and analysis, training or hiring of research staff and other personnel, method development activities, and data management, including dissemination of relevant data to stakeholders. These funds were appropriated to UNC-Chapel Hill, Academic Affairs.

9. **UNC-Chapel Hill School of Law**

The General Assembly provided \$500,000 in recurring funds to UNC-Chapel Hill's School of Law in order to restore funding from a reduction in 2017-18. The revised net appropriation is \$13.1 million for 2018-19. These funds were appropriated to UNC-Chapel Hill, Academic Affairs.

2018-19 Operating Budget Allocations

10. Carolina Institute for Law and Entrepreneurship at UNC-Chapel Hill

The General Assembly appropriated \$465,000 in recurring funds for the Carolina Institute for Law and Entrepreneurship. This is a joint program between the School of Law, Kenan-Flagler College of Management, and one or more rural incubators to provide law students with hands-on experience in advising aspiring business entrepreneurs. Funding will support administration, faculty, and operating expenses. These funds were appropriated to UNC-Chapel Hill, Academic Affairs.

11. School of Media and Journalism at UNC-Chapel Hill

Nonrecurring funds of \$75,000 were appropriated by the legislature for the School of Media and Journalism. The funds will be used for the school's annual photojournalism workshop and community outreach efforts. The funds were appropriated to UNC-Chapel Hill, Academic Affairs.

12. Western School of Medicine – Asheville

The General Assembly appropriated \$4,802,500 in nonrecurring funds for the School of Medicine's Asheville campus, a joint program between the UNC-Chapel Hill School of Medicine, other UNC System universities, and the Mountain Area Health Education Center. Funding will support administration, faculty, and related programs for this multi-disciplinary effort. The revised net appropriation is \$15.4 million. These funds were appropriated to UNC-Chapel Hill, Health Affairs.

13. UNC Rockingham Health Care

Nonrecurring funds of \$500,000 were provided for UNC Rockingham Health Care for a matching grant for a primary care rural advancement program. These funds were appropriated to UNC-Chapel Hill, Health Affairs.

14. Southern Regional Area Health Education Center

Nonrecurring funds of \$4,800,000 were provided for the Southern Regional Area Health Education Center. Funds will be used for surgery and family medicine residencies in the Southern Regional AHEC service areas and for facility and structural improvements associated with current residency programs. These funds were appropriated to UNC-Chapel Hill, AHEC.

15. NC State Innovation in Manufacturing Biopharmaceuticals

The General Assembly provided nonrecurring funds of \$2,000,000 for North Carolina State University's participation in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products. Funds will support the Biomanufacturing Training and Education Center at North Carolina State University and serve as matching funds for a federal grant from the National Institute of Standards and Technology. These funds were appropriated to NC State, Academic Affairs.

16. NC Clean Energy Technology Center at NC State

Nonrecurring funds of \$266,000 were appropriated for the NC Technology Center at North Carolina State University for the development and adoption of clean energy technologies. These funds were appropriated to NC State, Academic Affairs.

2018-19 Operating Budget Allocations

17. Reductions in Supplies/Purchased Services (ECU, N.C. A&T, NC State, UNC Charlotte, UNC Greensboro)

The General Assembly mandated recurring reductions totaling \$2,675,000 for five institutions in supplies and/or purchased services as shown in Table 2.

Table 2: Reductions in Supplies/Purchased Services

Institution	Reductions
ECU (<i>supplies</i>)	\$ 400,000
ECU (<i>purchased services</i>)	700,000
N.C. A&T (<i>supplies</i>)	150,000
NC State (<i>supplies</i>)	400,000
UNCC (<i>supplies</i>)	800,000
UNCG (<i>supplies</i>)	225,000
TOTAL	\$2,675,000

18. North Carolina School of Science and Mathematics – Morganton Campus

The General Assembly provided funds (\$116,243 recurring and \$366,200 nonrecurring) for project management and curriculum development at the Morganton campus of the NC School of Science and Mathematics. Funds will also be used for an administrative assistant position for ongoing support in the planning office at the Morganton campus. The revised net appropriation is \$612,443 in 2018-19. These funds were appropriated to NC School of Science and Mathematics.

19. Aid to Private Institutions

The General Assembly appropriated funds to programs for private institutions. The funds for these programs were appropriated directly to Aid to Private Institutions. Descriptions of these items can be found in Appendix C.

20. Intra-Agency Transfers

The following intra-agency transfers contained in the Joint Conference Committee Report do not require Board action.

Center for Marine Sciences and Technology (CMAST) Shellfish Pathologist at NC State

Recurring funds of \$125,000 will be transferred from the Department of Environment Quality – Division of Marine Fisheries to NC State to establish a shellfish pathologist position at the Center for Marine Sciences and Technology.

Institute for Marine Sciences at UNC-Chapel Hill

Nonrecurring funds of \$125,000 will be transferred from the Department of Environmental Quality – Division of Marine Fisheries to the Institute for Marine Sciences at UNC-Chapel Hill for the continuation of the North Carolina ferry-based water quality monitoring program. An associated special provision in the Appropriations Act (Section 10.2) mandates that UNC-Chapel Hill shall not charge indirect facilities and administrative costs against this funding.

Appendix A: 2018-19 Operating Budget Comparison

	UNC Budget Priorities	Final Budget SB 99 (S.L. 2018-5)
FY 2018-19 Enacted Budget* (excluding Aid to Private Institutions)	\$2,894,709,796	\$2,894,709,796
Fulfill Our Responsibility To Be More Transparent and Accountable		
Data Modernization	2,000,000 (2,000,000) NR	500,000 (500,000) NR
Invest in Promising New Ideas That Will Raise Graduation Rates and Grow Our Economy		
Student Success Initiatives (Innovation Lab, Accelerate Through Summer Grants, Adaptive Digital Learning Courseware)	5,000,000	—
Faculty Recruitment and Retention	3,000,000	500,000 500,000 NR
Research Opportunities Initiative	3,000,000	—
Other Targeted Priorities		
Employee Compensation Provides salary increases to be awarded based on the priorities of the BOG, \$26,393 for NCSSM teacher salary increases, and funds in an OSBM reserve to increase salaries for full-time state employees to a minimum of \$31,200.	<i>Equity with other state employees and flexibility to determine criteria for distribution</i>	20,026,393
Reinstate NCSSM Tuition Grant	1,500,000 (1,500,000) NR	970,000 NR
Lab Schools	1,070,000	1,070,000
Medical Education Expansion	2,000,000	—
N.C. A&T Doctoral Program	2,500,000	—
NC State Innovation in Manufacturing Biopharmaceuticals	2,000,000 NR	2,000,000 NR
Other UNC Items (not requested in BOG Priorities)		
State Retirement Plan Contributions - TSERS Actuarially determined contribution and 1% one-time cost of living increase to retirees.	—	1,308,397 3,687,299 NR
NC Promise (Funds originally appropriated to OSBM reserve)	—	11,000,000
Promotion of Access to Affordable College Education	—	1,000,000 NR
NC Policy Collaboratory	—	5,013,000 NR
UNC School of Law	—	500,000
Carolina Institute of Law and Entrepreneurship	—	465,000
UNC School of Media and Journalism	—	75,000 NR
Institute of Marine Sciences at UNC-CH (\$125,000 in NR funds to be provided by DEQ)	—	—
Western School of Medicine - Asheville	—	4,802,500 NR
UNC Rockingham Health Care	—	500,000 NR
Southern Regional AHEC	—	4,800,000 NR

Appendix A: 2018-19 Operating Budget Comparison

	UNC Budget Priorities	Final Budget SB 99 (S.L. 2018-5)
NC Clean Energy Technology Center at NC State	—	266,000 NR
NC State CMAST Shellfish Pathologist (\$125,000 R funds to be provided by DEQ)	—	—
NCSSM - Morganton	—	116,243 366,200 NR
Reductions		
Supplies at NC State	—	(400,000)
Supplies at UNCG	—	(225,000)
Supplies at UNCC	—	(800,000)
Purchased Services at ECU	—	(700,000)
Supplies at ECU	—	(400,000)
Supplies at N.C. A&T	—	(150,000)
Total Operating Increases	22,070,000	59,466,032
Total Operating Decreases	(3,500,000)	(3,175,000)
Total Recurring Operating Changes	20,070,000	32,811,033
Total Nonrecurring Operating Changes	(1,500,000)	23,479,999
Total Recommended UNC Budget Changes	18,570,000	56,291,032
Total Recommended UNC Budget	2,913,279,796	2,951,000,828
Total Percent Change	0.64%	1.9%
Aid to Private Institutions		
Base Budget	167,799,754	167,799,754
NC Need-Based Scholarships	—	535,002
Special Education Scholarship Grant	—	3,015,000
Total Private Aid	167,799,754	171,349,756

**This includes UNC enrollment funding that was appropriated to an OSBM reserve account.*

Appendix B: UNC-Related Provisions

2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
UNC Section		
10.1	UNC Laboratory School Changes	Amends G.S. 116-239 to require the local school administrative unit to administer the National School Lunch Program for the lab schools and clarifies who is eligible to attend a lab school, including allowing for priority for siblings of enrolled students.
10.2	FerryMon/No Overhead	Directs UNC-CH to not charge indirect facilities and administrative costs against the funding provided for the Institute of Marine Sciences for the FerryMon water quality monitoring program.
10.3	Modify Appointment Process for BOG Committee on Free Expression	Amends G.S. 116-301(a) to allow the chair of the BOG to designate a standing or special committee of the Board to act as the Committee on Free Expression.
10.4	Food Processing Innovation Center/Carryforward of Funds	Allows for the funds appropriated in the 2017 Appropriations Act, which were allocated to NC State for the Food Processing Innovation Center, to be used for equipment, supplies, and other operating expenses. Allows for excess funds to be carried forward until the renovations of the space to be leased are completed.
10.5	NC Promise "Buy Down"/Report	Amends G.S. 116-143.11 to remove requirement that the "buy down" funds for NC Promise be authorized by the Director of the Budget. Requires an annual report by October 1 beginning in 2018 by the BOG and chancellors of ECSU, UNCP, and WCU to Ed. Oversight, House and Senate Appropriation Committees, and Fiscal Research detailing any financial obligation resulting from the established tuition rate, the amount required to offset the foregone tuition receipts and how those funds were allocated, and the number of enrolled resident and nonresident students at each institution.
10.6	Southern Regional AHEC Funds	Directs the \$4.8M appropriated for Southern Regional AHEC to be used for residencies in the SR AHEC service areas and for facility and structural improvements associated with current residency programs.
10.7	Extend Initial Terms/Advisory Council on Rare Diseases	Requires that the terms of the initial members of the Advisory Council on Rare Diseases at the UNC-CH SOM end on July 1, 2023, and that members appointed after this date shall serve for terms of three years.
UNC/SEAA Section		
10A.1	Modify and Align the K-12 Scholarship Programs	Amends G.S. 115C-112 to adjust the eligibility requirements of the special education scholarships for children with disabilities and to adjust the timeline for applications and awards. The provision also amends the reporting dates to October 15.
10A.2	Changes to the NC Teaching Fellows Program	Amends G.S. 116-209.62 to allow funds to be used for mentoring and coaching to support forgivable loan recipients, specifies allowance for administrative costs as the greater of \$600,000 or 10% of available funds for the UNC System Office and the greater of \$250,000 or 4% for SEAA, and adds a reporting requirement to include the number of forgivable loan recipients who are employed at a low-performing school.

Appendix B: UNC-Related Provisions

2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
10A.3	Changes to the NC Principal Fellows Program	Amends Article 5C of G.S. 116 to specify that the Principal Fellows Trust Fund may only be used for scholarship loans, administrative costs, and other program operation costs, including an allowance of up to \$800,000 per year for SEAA's administrative costs.
10A.4	Principal Prep Program Changes	Repeals the amendments made to the Principal Prep Program in the 2017 Appropriations Act and amends Article 23 of G.S. 116 to include the Transforming Principal Preparation Grant Program as a competitive grant for eligible entities to elevate educators in North Carolina public schools. Directs SEAA to administer the program through a cooperative agreement with a private nonprofit. Provision specifies details of the application, selection, and evaluation process, as well as a reporting requirement for grant recipients and SEAA. Of the funds appropriated for the program, \$380,000 are allocated to SEAA to contract with the nonprofit and use up to 5% of the funds for administrative costs.
10A.5	One-Year Tuition Grants for Certain Graduates of the North Carolina School of Science and Mathematics for the 2019-2020 Academic Year	Appropriates \$1,001,869 in nonrecurring funds to be held in a reserve by SEAA to provide tuition grants for one academic year to students who graduate from NCSSM in FY 2018-19 and enroll as full-time students in a UNC institution in academic year 2019-20. Directs that the tuition grants may not exceed the cost of attendance for the institution in which the student is enrolled. If there are not sufficient funds, each eligible student will receive a pro rata share of the funds that are available, and allows the BOG, with the approval of OSBM, to transfer additional funds to meet the needs of the program. Any funds remaining after the 2019-20 fiscal year shall revert.
10A.6	Access to Private Institution Need-Based Scholarships for Veterans	Amends G.S. 116-280 to extend eligibility to veterans living in North Carolina with the intent to establish residency as well as active duty members of the military in the state.

Salaries and Benefits

35.1	Eligible State-Funded Employees Awarded Legislative Salary Increases/Effective July 1, 2018/ Raise Minimum Annual State Employee Pay to \$31,200	Increases salaries for state employees by 2% or up to \$31,200, whichever is greater. Excludes UNC employees.
35.12	University of North Carolina System	Allows the BOG to provide a salary increase to EHRA and SHRA employees for the following purposes: merit, across the board, recruitment bonuses, retention increases, or other compensation increases. Directs the Board to report on the use of the funds to the General Assembly no later than March 1, 2019. Also directs that the annual salary of any UNC employee that is below \$31,200 be increased to that amount.

Appendix B: UNC-Related Provisions 2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
35.13	State Agency Teachers	Increases salaries for state agency teachers who are paid on the Teacher Salary Schedule, including NCSSM, by the same amount authorized to other teachers by Section 8.1.
35.14	All State-Supported Personnel	Allows Director of the Budget to increase expenditures of receipts to provide salary increases to receipt-supported personnel. Directs the allocation of \$15.3M appropriated to the compensation increase reserve to be used to establish a minimum state employee annual salary of \$31,200. UNC employees are eligible for these funds.
35.16	Use of Funds Appropriated for Legislatively Mandated Increases	Directs OSBM to ensure that funds appropriated for mandated salary and benefits increases are used only for that purpose.
35.24	State Human Resources Act/RIF Clarification/UNC	Amends G.S. 126-7.1 to state that no loss of funds shall be required as a precondition for a reduction in force and extends the authority to restructure through voluntary separation to UNC institutions.
35.26	Special Annual Bonus Leave	Provides five days of bonus leave to employees of the State and community colleges credited on July 1, 2018. Establishes that the bonus leave will have no cash value and cannot be cashed in or counted toward retirement. Deducts any bonus leave used from the vacation days in excess of 30 that would convert to sick leave at the end of the year.
35.27	Salary Related Contributions	Increases employer contribution rates for State's retirement program as follows: TSERS from 18.44% to 18.86% and LEO from 23.44% to 23.86% effective July 1, 2018.
35.28	Provide One-Time Cost-of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System	Provides for a one-time 1% cost of living supplement for retirees.
35.19A	Certain State Agencies/ Classification and Salary Administration Flexibility/Pilot Program	Establishes a pilot program for fiscal year 2018-19 to grant sole authority and discretion to UNC to classify new positions, make hiring decisions, and determine the appropriate salary for employees. The HR director is required to ensure that new hires meet the minimum qualifications for the position. Requires a report by March 1, 2019 to Gov. Ops. and Fiscal Research on the actions taken as a result of these flexibilities.

Appendix B: UNC-Related Provisions

2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
Capital		
36.2	Capital Appropriations/Project Reserve	Appropriates funds from the project reserve account for FY 2017-18, including \$15M for NCSSM-Morganton, \$6M for a Business School at UNCP, \$8.6M for a business school at NCCU, \$16.5M for a steam plant replacement at WCU, \$5.5M of planning funds for a library at UNCW, \$3M for the UNC BOG Planning Task Force, and \$2.77M for renovation of Owen and Carmichael Halls at UNCA. Directs OSBM to disburse \$6M of the funds for UNCP by November 1, 2018.
36.5	Repairs and Renovations Reserve Allocation	Appropriates 50% of the funds in the reserve for repairs and renovations to the BOG (\$32.4 million). Requires that a portion be used to install fire sprinklers in residence halls; funds shall be allocated among the constituent institutions by the president. Directs the Board to submit progress reports to Gov. Ops. concerning the status of completed, current, and planned projects by January 1 and July 1 until all residence halls have fire sprinklers. Requires that a portion of the funds allocated be used for campus public safety improvements. Directs that the R&R funds be allocated by the BOG and that availability of non-State resources and carryforward funds shall be negatively weighted.
36.6	UNC Board of Governors Planning Task Force	Establishes a task force to consist of four current BOG members appointed by the BOG no later than August 1, 2018. Directs the task force to conduct a systemwide analysis of the capital needs of each institution in relation to STEM subject areas. In particular, the task force shall consider the capital needs related to the ECU Brody School of Medicine, the UNC Applied Physical Sciences and Institution for Convergent Science in Chapel Hill, and other STEM projects to determine areas where capital funds may be used more efficiently. Appropriates \$3M to the BOG to be used by the task force. Requires a report containing the UNC System plan and any legislative recommendations by April 1, 2019.
36.8	State Capital and Infrastructure Fund Changes	Amends G.S. 143C-4-3.1 (d) to remove the requirement that 4% of tax collections be deposited in an infrastructure fund and replaces it with a requirement that OSC transfer one-fourth of the General Fund unreserved fund balance at the end of the year.

Appendix B: UNC-Related Provisions 2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
<i>Other UNC-Related Sections</i>		
2.1	Current Operations and Expansion/General Fund	Includes budget code specific appropriations.
2.2	General Fund Availability Statement	Directs the State Controller to transfer \$155.2M of the unreserved fund balance to the Reserve for Capital Projects and \$64.8M to the Repairs and Renovations Reserve.
5.1	Appropriation of Receipts Increased Due to Salary and Benefit Increases	Appropriates receipts required to pay the legislatively mandated salary increases and employee benefits for the 2018-19 fiscal year.
5.3	Needs-Based School Capital and Lottery Changes	Appropriates the Lottery Fund for 2018-19. Includes \$10,744,733 for UNC Need-Based Grant (UNC NBG) and \$30,450,000 for Education Lottery Scholarship (ELS).
6.3	Budget Accountability and Transparency Reform Initiative	Implements a Base Budget Reform Plan Pilot with OSBM and DPS to ensure the highest level of transparency for meaningful review of the state budget by all citizens of the state.
7.26	Statewide Anonymous Safety Tip Line Application	Amends G.S. 115C-105.51 to include NCSSM and UNCSA high schools and makes other technical changes.
8.1	Teacher Salary Schedule	Sets the teacher salary schedule for fiscal year 2018-19.
8.8	Clarify Application of Highly Qualified Graduate Supplement	Amends the 2017 Appropriations Act to allow for the supplement to be effective for teachers entering in the 2017-19 fiscal biennium.
8.9	Bonuses for Certain Veteran Teachers	Directs DPI to provide a one-time bonus of \$385 to any teacher employed as of October 1, 2018 with at least 25 years of experience, who did not receive an increase pursuant to the 2018-19 salary schedule.
8.10	Revise Certain Teacher Bonus Programs	Makes technical changes to teacher bonus program.
9.6	Eliminate NCCCS Instructional Trust Fund	Repeals G.S. 155D-42 and appropriates remaining fund balance to the BOG for the NCSSM tuition grants.
11E.5	Every Week Counts Demonstration Project	Amends the 2017 Appropriations Act to direct DHHS to allocate \$3M in nonrecurring funds to UNCP to initiate a 3-year demonstration project. Directs UNCP to secure an additional \$3M from UNC-CH to continue the project through the third year. Allows for up to \$2M to be raised by the UNC School of Medicine by private sources. Directs UNCP to conduct the project with the UNC School of Medicine. Requires faculty at UNCP and UNC SOM to supervise the project.

Appendix B: UNC-Related Provisions

2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
13.1(f-l)	Funding to Address Per- and Poly-Fluoroalkyl Substances, Including GenX/Use of Expertise and Technology Available In Institutions of Higher Education Located Within the State	Directs the NC Policy Collaboratory at UNC-CH to identify faculty expertise, technology, and instrumentation located within institutions of higher education in the state, including UNC-CH, UNCW, NC State, N.C. A&T, Duke, and other public and private institutions, and to coordinate faculty and resources to conduct nontargeted analysis for PFAS, including GenX, at all public water supply surface water intakes and one public water supply well selected by each municipal water system as identified by DEQ. Requires the Collaboratory to report the results of the sampling, no later than December 1, 2019, and report to the Environmental Review Commission, DEQ, DHHS, and the US EPA. Beginning October 1, 2018, the Collaboratory shall report no less than quarterly on all activities conducted, including any findings and recommendations for any steps that should be taken to address the impacts of PFAS, including GenX on surface water, groundwater, and air quality in the state. Appropriates \$5.013M to the BOG to be allocated to the Collaboratory to cover the costs. These funds shall not revert.
14.1	Clean Water Management Trust Fund	Allocates up to \$1M of the funds appropriated to the Department of Natural and Cultural Resources for the Clean Water Management Trust Fund to ASU to reduce sediment loading in Payne Branch impacting the university's water supply.
24.1	Child Well-Being Transformation Council	Directs the UNC School of Government to convene the first meeting of the Children's Council no later than October 31, 2018 and host the first four meetings. Requires the SOG to facilitate the work of the council during the meetings and provide necessary clerical and administrative support for the meetings, conduct research and provide technical assistance, and assist with the preparation of the first report due June 30, 2019.
34.4	Compensation to NC State for DOT I-440 Project	Directs proceeds derived from compensation received by the state for impacts from the I-440 expansion on land owned or assigned to NC State or an associated entity to be deposited in the account of the university or entity.
38.8	Allow Cities to Use Revenues for Public Education	Amends G.S 160A-209 to allow for supplemental funding for elementary and secondary public education. Also amends Article 30 of G.S. 160A-690 to allow a city to use property tax revenue as supplemental funding for public education, including UNC lab schools.
39.8	Effective Date	Provides that the act becomes effective July 1, 2018.

Appendix B: UNC-Related Provisions 2018-19 Budget

Section	Title	Final Budget (SB 99 - S.L. 2018-5) and Technical Corrections (SB 335 - S.L. 2018-97)
<i>Technical Corrections Bill</i>		
12.1	Study/Fair Treatment of College Athletes	Creates a legislative commission to examine the needs and concerns of college students participating in athletics on behalf of the UNC constituent institutions. Specifies that the commission will consist of six members of the Senate and six members of the House as well as the Lieutenant Governor. Directs the commission to study issues related to health insurance, injuries, including concerns arising from concussions and long-term physical and mental health and wellness, profit-sharing, time devoted to educational responsibilities, educational opportunities, financial assistance, representation, and other issues deemed relevant. The commission is required to submit a report on the results of the study by March 1, 2019.

The 2018 General Assembly appropriated funds for the following programs. The funds were appropriated directly to Aid to Private Institutions.

1. Special Education Scholarship Grant

The General Assembly appropriated \$3,015,000 in recurring funds for special education scholarship grants. The revised net appropriation is \$13.1 million in 2018-19.

2. Need-Based Scholarships

The General Assembly appropriated recurring funds of \$535,002 in 2018-19 for need-based scholarships for students attending private institutions. A corresponding special provision in the Appropriations Act (Section 10A.6) expands access to include veterans. The revised net appropriation is \$88.9 million in 2018-19.

MODIFY APPOINTMENT PROCESS FOR BOG COMMITTEE ON FREE EXPRESSION

SECTION 10.3. G.S. 116-301(a) reads as rewritten:

"(a) ~~The chair of the Board of Governors of The University of North Carolina System shall establish~~designate a standing or special committee of the Board of Governors to act as the Committee on Free Expression and appoint 11 individuals from among its membership to the Committee. The members of the Committee on Free Expression shall elect a chair from the members of the Committee. Each member of the Committee on Free Expression shall serve on the Committee at the pleasure of the Board of Governors. Each member's term shall be equal to the remainder of the member's respective term on the Board of Governors. In the event of a vacancy on the Committee, the Board of Governors shall appoint a replacement from among its membership.~~Expression.~~"

NC PROMISE "BUY DOWN"/REPORT

SECTION 10.5. G.S. 116-143.11 reads as rewritten:

"§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations.

...

(b) ~~Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University as provided by this subsection. Beginning with the 2018-2019 fiscal year, the Director of the Budget shall determine each fiscal year, based on information provided by the Board of Governors and the Chancellor of each constituent institution, the amount required to offset the forgone tuition receipts at each of the three institutions as a result of the tuition rate established by this section. The Director of the Budget shall authorize an increase in the base budget of The University of North Carolina of up to forty million dollars (\$40,000,000) each fiscal year to cover the cost of the "buy down" that fiscal year and shall allocate the appropriate sum to each constituent institution. Any increase in the base budget authorized pursuant to this subsection shall not be included in the calculation of projected enrollment growth under G.S. 116-30.7-University.~~

...

(d) By October 1, 2018, and by October 1 of each year thereafter, the Board of Governors and the chancellors of Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

- (1) The amount required to offset the forgone tuition receipts at each of the three constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each constituent institution.
- (2) The number of enrolled resident students at each constituent institution.
- (3) The number of enrolled nonresident students at each constituent institution."

ONE-YEAR TUITION GRANTS FOR CERTAIN GRADUATES OF THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS FOR THE 2019-2020 ACADEMIC YEAR

SECTION 10A.5.(a) Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2018-2019 fiscal year, the sum of one million one thousand eight hundred sixty-nine dollars (\$1,001,869) in nonrecurring funds shall be allocated to the State Education Assistance Authority (Authority) to be held in reserve to provide tuition grants for one academic year to each State resident who graduates from the North Carolina School of Science and Mathematics at the end of the 2018-2019 school year and who enrolls as a full-time student in a constituent institution of The University of North Carolina for the 2019-2020 academic year. Except as otherwise provided in this section, the amount of the grant awarded to each student shall cover the tuition cost at the constituent institution in which the student is enrolled.

SECTION 10A.5.(b) The tuition grants provided for in this section shall be administered by the Authority pursuant to rules adopted by the Authority not inconsistent with this section. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for

the grant is an eligible student. Upon receipt of the certification, the Authority shall remit at the times it prescribes the grant to the constituent institution on behalf, and to the credit, of the student.

SECTION 10A.5.(c) No tuition grant awarded to a student under this section shall exceed the cost of attendance at the constituent institution at which the student is enrolled. If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority. The Authority shall reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of attendance received by the student, including the tuition grant under this section, shall not exceed the cost of attendance for the constituent institution at which the student is enrolled. The cost of attendance, as used in this subsection, shall be determined by the Authority for each constituent institution.

SECTION 10A.5.(d) In the event there are not sufficient funds to provide each eligible student with a full grant as provided by this section, the following applies:

- (1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the tuition grant program.
- (2) Each eligible student shall receive a pro rata share of funds available for the 2019-2020 fiscal year covered by the appropriation for the 2018-2019 fiscal year.

Any remaining funds shall revert to the General Fund.

SECTION 10A.5.(e) The funds allocated in accordance with this section for the 2018-2019 fiscal year shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of the 2019-2020 fiscal year to implement this section.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 35.12.(a) For the 2018-2019 fiscal year, the Board of Governors of The University of North Carolina may provide EHRA and SHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA and SHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board shall make a report on the use of these funds to the General Assembly by no later than March 1, 2019.

SECTION 35.12.(b) After the award of the pay increase authorized in subsection (a) of this section, the annual salary of a permanent full-time University employee that is below the amount of thirty-one thousand two hundred dollars (\$31,200) shall be increased to that amount. A permanent part-time University employee shall receive a prorated portion of thirty-one thousand two hundred dollars (\$31,200).

SPECIAL ANNUAL LEAVE BONUS

SECTION 35.26.(a) Any person who is (i) a full-time permanent employee of the State or a community college institution on July 1, 2018, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2018.

SECTION 35.26.(b) Except as provided by subsection (c) of this section, the additional leave shall be accounted for separately with the leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, by Section 29.14A of S.L. 2005-276, by Section 35.10A of S.L. 2014-100, and by Section 35.18A of S.L. 2017-57 and shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days awarded by this section.

SECTION 35.26.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

SECTION 35.26.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

The following special provisions were included in the 2017 Appropriations Act (S.L. 2017-57) and are shown here since these pertain to allocations for the 2018-19 fiscal year.

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 10.8.(a) The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but shall be done in a manner that recognizes the importance of the academic missions and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

- (1) Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
- (2) Faculty workload adjustments.
- (3) Restructuring of research activities.
- (4) Implementing cost-saving span of control measures.
- (5) Reducing the number of senior and middle management positions.
- (6) Eliminating low-performing, redundant, or low-enrollment programs.
- (7) Using alternative funding sources.
- (8) Protecting direct classroom services.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

SECTION 10.8.(b) In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2017-2019 fiscal biennium to any of the following:

- (1) UNC Need-Based Financial Aid.
- (2) North Carolina Need-Based Scholarship.
- (3) Special Education Scholarships for Children with Disabilities.
- (4) North Carolina Personal Education Savings Accounts Program.
- (5) Opportunity Scholarship Program.
- (6) North Carolina State University Agricultural Research.
- (7) North Carolina School of Science and Mathematics.
- (8) University of North Carolina School of the Arts.
- (9) Any entity receiving less than one and one-half percent (1.5%) of the annual net General Fund appropriation for The University of North Carolina.
- (10) Any budget expansion item funded by an appropriation to the Board of Governors of The University of North Carolina by this act for the 2017-2019 fiscal biennium.

SECTION 10.8.(c) The University of North Carolina shall report to the Office of State Budget and Management and the Fiscal Research Division on the implementation of the management flexibility reduction in this section no later than April 1, 2019.

The reports shall identify both of the following by campus:

- (1) The total number of positions eliminated by type (faculty/nonfaculty).
- (2) The low-performing, redundant, and low-enrollment programs that were eliminated.

UNC ENROLLMENT FUNDING/OSBM RESERVE ACCOUNT

SECTION 10.10. Funds appropriated by this act for enrollment adjustments, including funds for the NC Promise Tuition Plan, shall be certified to a reserve account in the Office of State Budget and Management. The appropriation is made on an annual basis and shall be held in reserve until actual enrollment can be verified following the fall semester census. Funds for the spring semester shall be allocated using the actual enrollment from the fall semester and applying the three-year average fall-to-spring retention of fundable credit hours. After verification, the Board of Governors, subject to the approval of the Director of the Budget, shall allocate the funds for the fiscal year to the constituent institutions based on the criteria set out in this section.

Upon authorization by the Director of the Budget, funds may be advanced to constituent institutions whose tuition receipts are insufficient to maintain operations until enrollment is verified. Any institutions receiving funds in advance shall report to the Office of State Budget and Management at the close of the semester to reconcile any differences between funding received for enrollment and actual enrollment. An allocation made pursuant to this section may result in an allocation to a constituent institution that is greater than or less than the amount originally requested for enrollment change funding at that institution. Pursuant to G.S. 116-11(9)c., the Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide additional adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of institutions.

AGENDA ITEM

A-3. 2018-19 Capital Improvement Budget Allocations Nathan Knuffman

Situation: While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for repairs and renovations projects are appropriated to the Board of Governors for allocation to the institutions. The 2018 Appropriations Act [S.L. 2018-5 (Senate Bill 99)], Section 36.5(d) requires:

“In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was compiled within any report submitted pursuant to G.S. 143C-4-3(d).”

Background: The General Assembly also made a number of capital authorizations and appropriations from the General Fund. The allocations meet all of the directives cited in the Appropriations Act of 2018, as amended by the technical corrections bill (S335). Items that require Board action are designated with an “A” on the following pages.

Assessment: It is recommended that one of the proposed options be approved for 2018-19 Capital Improvement Budget Allocations. It is also recommended that the president be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the president be authorized to seek such concurrence as may be required of the Director of the Budget in the foregoing allocations.

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

2018-19 Capital Improvement Budget Allocations

A. 2018-19 Allocations from the Reserve for Repairs and Renovations ^A

For fiscal year 2018-19, the 2018 General Assembly appropriated \$64,798,930 to the statewide Reserve for Repairs and Renovations, of which \$32,399,465 (one-half) is allocated to the Board of Governors, as shown below.

The R&R allocation options below are proposed for Board action. It is recommended that allocations be made from the Reserve for Repairs and Renovations. It is also recommended that chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the president who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

It is recommended that allocations may be transferred as needed among projects within an institution upon request through existing approval processes. It is also recommended that the president be authorized to make further allocations from the reserve.

2018-19 Allocations – Reserve for Repairs and Renovations ^A	Amount Version 1	Amount Version 2
Appalachian State University	\$ 1,825,331	\$1,738,446
East Carolina University	\$4,125,869	\$2,767,091
Elizabeth City State University	\$864,583	\$2,324,885
Fayetteville State University	\$855,494	\$1,580,468
North Carolina A&T State University	\$1,399,025	\$1,393,521
North Carolina Central University	\$1,510,773	\$1,820,385
North Carolina State University	\$5,658,785	\$3,902,793
University of North Carolina at Asheville	\$825,922	\$1,559,700
University of North Carolina at Chapel Hill	\$6,803,131	\$4,060,204
University of North Carolina at Charlotte	\$2,221,193	\$1,800,520
The University of North Carolina at Greensboro	\$1,683,560	\$1,501,947
The University of North Carolina at Pembroke	\$552,160	\$725,702
University of North Carolina Wilmington	\$856,243	\$839,523
University of North Carolina School of the Arts	\$790,361	\$2,036,583
Western Carolina University	\$1,016,706	\$1,135,239
Winston-Salem State University	\$1,013,906	\$2,000,752
North Carolina School of Science and Mathematics	\$305,982	\$928,093
University of North Carolina System Office	\$90,440	\$283,613
TOTAL ALLOCATIONS	\$32,399,465	\$32,399,465

Version 1 allocates funding based on size (Gross Square Feet), condition (State Facilities Condition Assessment Program - FCAP), and ability to pay (Adjusted Unrestricted Fund Balance), weighted at one-third for each factor. Version 2 allocates funding based on these factors, but converts FCAP to FCAP per Gross Square Foot.

2018-19 Capital Improvement Budget Allocations

B. Capital Project Authorizations by the 2018 General Assembly for which no Board Action is required (for information only)

1. Capital Improvement Appropriations and Authorizations

The General Assembly appropriated \$6,500,000 from the General Fund for the following projects:

FSU	Health and Wellness Facility	\$5,500,000
UNC-CH	New Business School Building	1,000,000

The General Assembly appropriated \$54,370,000 from the Capital Improvement Project Reserve for the following projects:

NCCU	Business School	\$ 8,600,000
NCSSM	Morganton – Construction of Campus Facilities	15,000,000
UNCA	Owen Hall and Carmichael Hall Renovations	2,770,000
UNCP	Business School	6,000,000
UNCW	Library – Planning	5,500,000
WCU	Steam Plant Replacement	16,500,000

2. Non-General Fund Capital Improvement Projects Authorizations

The General Assembly authorized capital projects funded from non-general fund sources totaling \$114,602,516 in House Bill 1054 (S.L. 2018-35).

SECTION 2. The capital improvement projects and their respective costs authorized by this act, to be acquired or constructed and financed as provided in Section 1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 5 of this act, by a financing arrangement to the extent authorized in Section 3 of this act, or by any combination thereof, are as follows:

Project Authorization	Amount
Appalachian State University	
Sanford Hall Complete Renovation and Modernization	\$ 18,000,000
University of North Carolina at Chapel Hill	
Translational Research Building	23,000,000
Parking Deck at S1 Lot (South Parking Deck)	6,782,516
University of North Carolina at Charlotte	
Residence Hall Phase XVI	34,000,000
The University of North Carolina at Greensboro	
Ragsdale Mendenhall Residence Hall Renovation	8,000,000
The University of North Carolina at Pembroke	
Campus Rec/Baseball Softball Outdoor Complex	4,400,000
University of North Carolina Wilmington	
Parking Deck II and Surface Parking	20,420,000
Total	\$114,602,516

2018-19 Capital Improvement Budget Allocations

C. Other Actions by the 2018 General Assembly

The following capital improvement-related special provisions from the Appropriations Act of 2018 (S.L. 2018-5) are noted for information.

36.2	Capital Appropriations/Project Reserve	Appropriates funds from the project reserve account for FY 2017-18, including \$15M for NCSSM-Morganton, \$6M for a Business School at UNCP, \$8.6M for a business school at NCCU, \$16.5M for a steam plant replacement at WCU, \$5.5M of planning funds for a library at UNCW, \$3M for the UNC BOG Planning Task Force, and \$2.77M for renovation of Owen and Carmichael Halls at UNCA. Directs OSBM to disburse \$6M of the funds for UNCP by November 1, 2018.
36.5	Repairs and Renovations Reserve Allocation	Appropriates 50% of the funds in the reserve for repairs and renovations to the BOG (\$32.4 million). Requires that a portion be used to install fire sprinklers in residence halls; funds shall be allocated among the constituent institutions by the president. Directs the Board to submit progress reports to Joint Legislative Committee on Governmental Operations concerning the status of completed, current, and planned projects by January 1 and July 1 until all residence halls have fire sprinklers. Requires that a portion of the funds allocated be used for campus public safety improvements. Directs that the R&R funds be allocated by the BOG and that availability of non-State resources and carryforward funds shall be negatively weighted.
36.6	UNC Board of Governors Planning Task Force	Establishes a task force to consist of four current BOG members appointed by the BOG no later than August 1, 2018. Directs the task force to conduct a system-wide analysis of the capital needs of each institution in relation to STEM subject areas. In particular, the task force shall consider the capital needs related to the ECU Brody School of Medicine, the UNC Applied Physical Sciences and Institution for Convergent Science in Chapel Hill, and other STEM projects to determine areas where capital funds may be used more efficiently. Appropriates \$3M to the BOG to be used by the task force. Requires a report containing the UNC System plan and any legislative recommendations by April 1, 2019.
36.8	State Capital and Infrastructure Fund Changes	Amends G.S. 143C-4-3.1 (d) to remove the requirement that 4% of tax collections be deposited in an infrastructure fund and replaces it with a requirement that OSC transfer one-fourth of the General Fund unreserved fund balance at the end of the year.

2018-19 Capital Improvement Budget Allocations

D. Additional Information

The table on the following page, *General Assembly Funding – Ten Year History*, provides a summary of each institution's capital improvement appropriations from 2009 through 2018.

**The University of North Carolina - Capital Improvements
General Assembly Funding - Ten Year History**

Institutional Appropriations	2009 ¹	2010 ² COPS	2011 ³	2012	2013	2014 ⁵	2015	2015 ⁶ Bonds	2016 ⁷	2017 ⁸	2018	2009-2018
App State	\$ 1,386,700	\$ -	\$ 1,453,300	\$ 506,200	\$ 4,982,626	\$ 3,519,300	\$ 2,311,700	\$ 70,000,000	\$ 2,291,453	\$ 3,596,626		\$ 90,047,905
ECU	3,339,300	-	3,124,900	1,065,200	6,223,834	1,084,100	4,826,500	90,000,000	3,813,019	4,044,303		117,521,156
ECSU	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	13,000,000	702,749	1,529,809		20,671,385
FSU	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	10,000,000	674,770	7,041,298		23,154,895
N.C. A&T	1,380,600	-	1,299,700	451,700	2,661,937	452,700	2,015,300	90,000,000	1,777,450	2,292,115		102,331,502
NCCU	896,800	-	905,500	305,900	1,807,823	337,500	1,502,500	30,000,000	1,498,710	2,679,962		39,934,695
NC State	6,110,000	-	5,904,300	2,074,000	12,206,701	2,115,200	9,013,500	160,000,000	7,971,067	9,247,351		214,642,119
UNCA	744,000	-	873,200	305,900	3,788,627	316,800	1,410,300	21,100,000	2,897,723	1,197,933		32,634,483
UNC-Chapel Hill	6,296,600	-	6,585,200	2,284,500	5,913,326 ⁴	2,392,000	8,766,500	68,000,000	14,320,915	9,038,073		123,597,114
UNCC	1,728,000	-	1,904,400	706,100	4,132,925	775,800	3,453,900	90,000,000	889,677	3,579,547		107,170,349
UNCG	1,485,300	-	2,073,300	714,900	4,254,199	739,600	3,292,800	105,000,000	2,472,004	2,514,816		122,546,919
UNCP	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	23,000,000	674,770	11,010,000		40,123,597
UNCW	971,200	-	1,291,100	482,700	2,664,083	476,000	2,119,200	66,000,000	1,185,683	1,913,915		77,103,881
UNCSA	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	10,900,000	674,770	1,538,276		18,551,873
WCU	957,400	-	1,097,900	390,800	2,232,057	410,100	1,826,000	110,000,000	1,408,422	2,375,229		120,697,908
WSSU	744,000	-	873,200	305,900	1,788,627	316,800	1,410,300	50,000,000	885,778	2,130,747		58,455,352
NCSSM	744,000	-	873,200	305,900	1,788,627	316,800	5,410,300	58,000,000	674,770	1,010,000		69,123,597
Subtotal	29,759,900	-	31,752,000	11,123,300	61,599,900	14,519,900	53,000,000	1,065,000,000	44,813,730	66,740,000		1,378,308,730
Non-Institutional Appropriations												
N.C. Arboretum	-	-	386,222	-	-	-	-	-	-	-		386,222
UNC Health Care	-	-	-	-	-	-	-	-	-	-		
Other (UNC System, UNC-TV, SEAA, HBS, C.S.I., Land Acquisition, Fire Safety, 4-H Camps & Equipment)	4 1,240,100	-	936,500	462,162	2,400,100	480,100	2,000,000	-	674,770	1,010,000		9,203,732
Subtotal	1,240,100	-	1,322,722	462,162	2,400,100	480,100	2,000,000	-	674,770	1,010,000		9,589,954
TOTAL	31,000,000	-	33,074,722	11,585,462	64,000,000	15,000,000	55,000,000	1,065,000,000	45,488,500	67,750,000		1,387,898,684
Less: Repairs and Renovations Res.	31,000,000	-	33,074,722	11,585,462	60,000,000	12,000,000	50,000,000		33,738,500	50,500,000		281,898,684
TOTAL	-	-	-	-	4,000,000	3,000,000	5,000,000	1,065,000,000	11,750,000	17,250,000		1,106,000,000

Notes :

1. The 2009 General Assembly funded repairs and renovations with a combination of federal stimulus funds (\$12M) and bonds to be repaid by the State (\$50M) of which 50% (\$31 million) was allocated to the Board; UNC-CH's Biomedical Research Imaging Center was previously scheduled to be funded from the General Fund in 2009-10 and 2010-11. BRIC will now be funded from bonds at \$223 million.
2. The 2010 General Assembly provided UNC with special indebtedness funding of \$60M for repairing and renovating facilities and infrastructure and \$22M for acquiring equipment for teaching and research in the fields of health, science, engineering and technology and completing related capital improvements. These authorizations were repealed by S.L. 2011-66.
3. Prior to distribution, S.L. 2012-2 and S.L. 2012-57 authorized the Director of the Budget to use up to \$114M of the 2011 Repairs and Renovations to ensure adequate funding in the state Medicaid program for the 2011-12 fiscal year. On November 15, 2012, \$33,074,722 was allocated to the University for 2011 Repairs and Renovations.
4. Due to other available funds, UNC-Chapel Hill has been reduced by 50%.
5. The 2014 General Assembly provided UNC with special indebtedness funding of \$12M for repairing and renovating facilities and infrastructure and ASU \$3M for planning the Health Sciences Building.
6. The 2015 General Assembly provided UNC with bond funding of \$1,020,000,000 to be allocated among 15 projects for new construction, with voter approval and \$50 million for Repairs and Renovations. The Bond Act also identified additional bond proceeds of \$45 million for ECSU, UNCA, & UNCSA.
7. The 2016 General Assembly appropriated \$81,400,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$13,923,000, to be deducted from the \$81,400,000. This yields a net Reserve for Repairs and Renovations equal to \$67,477,000, of which \$33,738,500 (one-half) is allocated to the Board of Governors.
8. The 2017 General Assembly appropriated \$125,000,000 to the statewide Reserve for Repairs and Renovations. Eight (8) specific capital projects for other state agencies were earmarked at a value of \$24,000,000, to be deducted from the \$125,000,000. This yields a net Reserve for Repairs and Renovations equal to \$101,000,000, of which \$50,500,000 (one-half) is allocated to the Board of Governors.

AGENDA ITEM**A-4. Authorization of Ground Lease – University of North Carolina Wilmington Miles Lackey**

Situation: University of North Carolina Wilmington requests that the Board of Governors authorize UNCW to enter into a ground lease and related agreements in connection with the development of approximately 1,800 beds and the construction of related parking and dining facilities on UNCW's Millennial Campus (collectively, the "Project").

Background: The Board previously designated a portion of UNCW's campus as a Millennial Campus for the development of the Project and authorized UNCW to enter into a pre-development agreement with Balfour Beatty Campus Solutions ("Balfour Beatty") to enable the parties to complete planning for the Project.

UNCW now seeks the Board's authorization (1) to ground lease the Project site to the Collegiate Housing Foundation ("CHF"), the nonprofit entity which will own and finance the project, or its affiliate; and (2) to authorize UNCW officials to enter into all other agreements and do all further acts necessary or appropriate to develop the Project and consummate the transactions contemplated by the ground lease and pre-development agreement. The ground lease will contain the material terms and provisions provided to the Board of Governors in the term sheet.

Assessment: Under the ground lease, CHF will lease the Project site for a term not to exceed 50 years to enable CHF to finance and construct the Project. CHF will own any improvements to the Project Site and will grant a lien on its leasehold interest in the Project Site to secure the bonds issued to finance the Project (the "CHF Bonds"). UNCW will have no financial obligation or liability with respect to the CHF Bonds.

The ground lease will provide UNCW with an option to acquire the Project and terminate the ground lease at any time after year ten, on payment in full of the CHF Bonds. A development agreement between CHF and Balfour Beatty will include appropriate oversight from UNCW during construction phases.

Following construction completion, UNCW will operate and manage the Project on CHF's behalf and will be reimbursed from Project revenues for any costs incurred in performing those services. A separate management agreement between UNCW and CHF will address both parties' specific benefits and obligations. An additional, separate agreement will also be negotiated to deliver dining/convenience store services and will involve either a lease back from CHF directly to UNCW or to UNCW's food services provider.

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

The University of North Carolina at Wilmington
Development of Student Village
501c3 Tax Exempt Bond Model Term Sheet

July 12, 2018

The University of North Carolina at Wilmington (“UNCW”) is requesting authority to negotiate and enter into the Ground Lease Agreement to facilitate the development of the Project (as each term is defined below) on substantially the terms set forth in this Term Sheet.

I. Project Overview	
1. Project	<p>Student Village developed in two phases (“Project”):</p> <p>Phase I:</p> <p>Approximately 770 student housing beds in buildings not exceeding five above-ground floors, approximately 400 parking spaces, and related demolition and infrastructure construction to be available Fall 2020</p> <p>Phase II:</p> <p>Approximately 1,030 student housing beds in buildings not exceeding five above-ground floors and including approximately 3,500 square feet of student dining or convenience store space, and related demolition and infrastructure construction to be available Fall 2021</p> <p>The number of beds and square footage may change slightly as project design is finalized.</p>
2. Project Participants	<p>The developer will be Balfour Beatty Campus Solutions, LLC, a division of Balfour Beatty plc, which specializes in the development of higher education facilities through public-private partnerships (the “Developer”)</p> <p>The Developer’s project team, including architects, engineers, and other contractors and consultants, will be as represented in its response to the RFP:</p> <p>General Contractor: Balfour Beatty Construction, LLC</p> <p>Architect: Clark Nexsen, Inc.</p> <p>Engineer: McKim & Creed, Inc.</p> <p>Ground Lessee: Collegiate Housing Foundation, an Alabama-based 501c3 non-profit organization, or its wholly owned subsidiary (“CHF”)</p>

II. Ground Lease	
3. Ground Lease Agreement	<p>A Ground Lease Agreement will be entered into by UNCW and CHF at the financial closing for Phase I. Leased property will be building footprints plus non-exclusive easements for common areas and temporary construction easements (the “Leased Property”). UNCW and CHF will amend the Ground Lease Agreement at the financial close for Phase II to add sites for the Phase II improvements.</p> <p>The Ground Lease Agreement will obligate CHF to finance the development of the Project, own the Project, and enter into agreements providing for the design, construction, and management of the Project.</p>
4. Financing	<p>100% of Project Costs are to be financed with the proceeds of long term debt issued for the benefit of CHF.</p> <p>UNCW shall not be obligated or liable, either directly or indirectly, for any financial or other obligation of CHF under the bond documents, including without limitation, the payment of any portion of the principal of, interest on, or redemption premium, if any, of the bonds.</p> <p>UNCW will not guarantee or otherwise be obligated to financially support CHF’s repayment obligations on the bonds.</p>
5. Ground Lease Term	<p>The Ground Lease Agreement will provide that UNCW will lease the Leased Property to CHF to build and own the Project for a term not to exceed 50 years or until the date on which the bonds have been paid in full, whichever comes first.</p>
6. Ownership of Improvements	<p>CHF will own the improvements comprising the Project for the duration of the Ground Lease Agreement.</p> <p>At the expiration or earlier termination of the Ground Lease Agreement, the Leased Property will revert to UNCW and ownership of the Project will be transferred to UNCW free and clear of all liens and encumbrances, without any contribution or compensation. At the expiration or termination of the Ground Lease Agreement, the Project must be in good and operable condition, subject to the age and reasonable wear and tear of the buildings.</p>
7. Anticipated Related Project Agreements	<p>UNCW anticipates entering into a management agreement with CHF regarding the maintenance and operation of the Project by UNCW. In addition, CHF will enter into a development agreement with the Developer regarding the design and construction of the Project.</p>
8. Ground Lease Rent to UNCW	<p>The Ground Lease Agreement will provide that UNCW will be entitled to be paid rent in an amount equal to the net available cash flow from the Project which will equal the amount of project revenue remaining after payment of all expenses, debt service, and required reserves related to the Project including renewal and replacement, lifecycle reserves, and IT renewal and replacement.</p>
9. Option to Purchase	<p>The Ground Lease Agreement will provide UNCW or its associated entity the option to purchase the Project and terminate the Ground Lease</p>

	Agreement at a purchase price equal to the amount necessary to pay off the bonds. The bonds will be subject to optional redemption after ten years.
10. Advisory Committee Structure and Controls	The Ground Lease Agreement will provide that UNCW and CHF will establish an Advisory Committee made up of representatives of CHF and UNCW, to facilitate information exchange and coordination of the parties to support the management, occupancy, operation and maintenance of the Project.
11. Operating Budget	The Ground Lease Agreement will provide that UNCW will develop an annual operating budget, which will include rental fee rates for the Project. The operating budget will be subject to approval by the Advisory Committee. The Advisory Committee may not withhold approval of the operating budget if it meets the debt service coverage ratio required in the bond documents.
12. Permitted Use	The Ground Lease Agreement will provide that the Project can be used solely for the operation of a student housing facility to serve enrolled students, faculty and staff of UNCW and people attending any programs, clinics, or camps hosted, presented or held by UNCW, one of its associated entities, any other UNC System institution or university, or any other group or organization on UNCW's campus, whose presence is deemed desirable by UNCW to the effective provision of UNCW's programs and services.
13. Rental Fees	<p>The Ground Lease Agreement will provide that the student tenants will be charged rental fees approved by UNCW, provided however that such rental fees will not be less than the amount needed for CHF to pay all operating expenses and debt service on the bonds and to comply with the rate covenant under the financing documents.</p> <p>Annual increases in rental fees for years beyond the opening year of each phase of the Project are subject to UNCW's approval and the requirements of the bond documents; UNCW's approval will not be unreasonably withheld if the increase is required in order to meet debt service coverage due to operating expense increase. CHF will be obligated in its financing agreements to maintain a debt service coverage ratio of at least 1.20 times.</p>
14. Preliminary Construction Plans and Contracts	Pursuant to the terms of a Pre-Development Agreement between UNCW and the Developer, the Developer has provided conceptual plans for the Project.
15. University Review of Final Design and Construction Documents	<p>The Ground Lease Agreement will provide that UNCW will approve the final plans and specifications for the construction of the Project and the terms of all related design and construction contracts and change orders thereto.</p> <p>In accordance with the terms of the Ground Lease Agreement, UNCW and CHF will agree upon a plan and schedule for the preparation, delivery, review, comment, revision and finalization of design and construction documents to verify compliance with the requirements of the Project Agreements, applicable laws and permits and requirements for design and construction of the Project consistent with the Request for Proposal (RFP) and the Best and Final Offer (BAFO). The Developer must design and</p>

	construct the Project to the specifications, standards, and quality required by UNCW and in accordance with all applicable state and local laws, rules, ordinances and requirements.
16. Failure to Deliver Student Housing Facility On Schedule	If the Project is not delivered on time, the Ground Lease Agreement will provide that temporary housing will be arranged for the contracted tenants. Responsibility for making such arrangements and making upfront payments, regardless of ultimate responsibility to pay, will be assigned to the Developer.
17. UNCW Covenants	<p>UNCW may construct or otherwise sponsor any additional housing facilities on or off campus, including facilities beyond the replacement of the same number of beds of existing University housing facilities, provided that the Project has maintained a debt service coverage ratio of at least 1.20 times during the immediately preceding two years and certain other agreed upon reports are furnished demonstrating that the construction of any such additional housing facilities will not have an adverse effect on the financial success of the Project.</p> <p>UNCW will also be asked not to direct or assign on a priority basis students to its existing housing facilities in preference over the Project, other than to meet special program needs under its current policies, such as freshman housing or honors housing.</p> <p>These provisions are not anticipated to interfere with UNCW's ability to provide necessary student facilities or implement its campus master plan.</p>
18. Default	The Ground Lease Agreement will contain specific Events of Default. UNCW will have, as a remedy for certain material Events of Default, the right to terminate the Ground Lease Agreement and take possession and occupancy of the Project. UNCW's rights upon the occurrence of an Event of Default will be subject to reasonable notice and cure periods, and default provisions will be tailored so that termination of the lease is a last resort option. The Ground Lease Agreement will also provide the bond trustee with step-in rights to cure a default and protect the bondholders' investment in the Project.
19. Mortgaging the Leasehold	The Ground Lease Agreement will permit CHF to mortgage its leasehold interest as security for the bonds on terms approved by UNCW.
20. Mortgages and Other Liens	No liens will encumber the State of North Carolina's fee interest in the Leased Property. CHF may place liens against its leasehold interest solely to secure the initial financing of each phase of the Project and any refinancing of the outstanding principal balance thereof. Any refunding/refinance of such initial debt shall be subject to UNCW's approval.
21. Mortgagee Rights	Ground Lease Agreement will contain provisions giving the bond trustee, as mortgagee of CHF, sufficient mortgagee protection provisions to allow it to cure CHF's defaults, to assume title to the CHF's leasehold interest through foreclosure of deed in lieu of foreclosure, and to otherwise reasonably protect its interests, provided that in no event shall the Ground Lease be conveyed during or after foreclosure to a party that is not a tax

	exempt entity acceptable to UNCW and which will maintain the tax exempt nature of all tax exempt debt.
22. Other Terms	This Term Sheet does not include all terms contemplated to be in the Ground Lease Agreement and related Project Agreements. Other terms shall be incorporated into the Ground Lease Agreement and/or related Project Agreements, including terms stated in the RFP as modified in the documents consistent with the parties' intentions.

III. Related Project Agreements	
1. Development Agreements	<p>A Development Agreement will be entered into by Developer and CHF at financial closing for Phase I.</p> <p>The Development Agreement will require UNCW's approval of change orders, construction progress payment, and other material aspects of the Project. The agreement will include UNCW's participation in regular meetings regarding the progress of the Project and addressing any concerns of UNCW regarding the Project.</p> <p>All agreements and contracts with the Contractors, Architect, and Engineer will be between the Developer and the respective party. This will include a guaranteed maximum price (GMP) contract between the Developer and the Contractor for the construction of the Project.</p>
2. Management Agreement	<p>UNCW and CHF will enter into a Management Agreement whereby UNCW will operate and manage the Project, for which services it will be fully reimbursed as an operating expense to the project. UNCW's operational and management responsibilities are to be defined in the Management Agreement between UNCW and CHF, and are anticipated to include, but not limited to:</p> <ul style="list-style-type: none"> Residence Life: marketing, assignments, billing, collections, programming Security Custodial Services and Trash Disposal Facility Maintenance Grounds and Landscaping Information Technology Management Asset Management <p>The flow of funds for the Project will be defined in the Management Agreement and in the CHF financing agreements.</p>
3. Dining Facility /Convenience Store	The Project is anticipated to include approximately 3,500 square feet of space to be used for student dining or a convenience store that will be leased by CHF to UNCW or UNCW's food service provider. The dining or

	convenience store square footage may change slightly as project design is finalized.
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**RESOLUTION OF THE BOARD OF GOVERNORS OF THE
UNIVERSITY OF NORTH CAROLINA SYSTEM DELEGATING
THE AUTHORITY TO THE UNIVERSITY OF NORTH
CAROLINA AT WILMINGTON TO ENTER INTO A GROUND
LEASE AGREEMENT WITH COLLEGIATE HOUSING
FOUNDATION, OR AN AFFILIATED ENTITY, AND RELATED
AGREEMENTS WITH RESPECT TO THE DEVELOPMENT OF A
STUDENT HOUSING VILLAGE DESCRIBED HEREIN;
PROVIDING AN EFFECTIVE DATE.**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina (the “Act”), the Board of Governors of the University of North Carolina System (the “UNC Board of Governors”) is vested with general control and supervision of the constituent institutions, as defined in the Act, which includes the University of North Carolina Wilmington (“UNCW”); and

WHEREAS, the UNC 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; and

WHEREAS, at the request of the Board of Trustees of UNCW (the “UNCW Board”), the UNC Board of Governors previously designated a portion of UNCW’s campus as a Millennial Campus to facilitate the development of a new student housing village which will include the development of approximately 1,800 beds and the construction of related parking and related infrastructure improvements on a portion of UNCW’s Millennial Campus (the “Project Site”).

WHEREAS, UNCW conducted a competitive selection process which included a request for qualifications followed by a request for proposals process to solicit public-private partnership proposals for the development of the Project and has selected the development team of Balfour Beatty Campus Solutions (“BBCS”); and

WHEREAS, the Project will be jointly developed by BBCS and Collegiate Housing Foundation, a national not-for-profit 501(c)(3) organization, or an affiliated entity (“CHF”) and BBCS in order to take advantage of tax exempt financing available for the Project; and

WHEREAS, UNCW now seeks authorization from the UNC Board of Governors (1) to ground lease the Project Site to CHF; and (2) to authorize certain UNCW officials, to enter into those agreements anticipated by the ground lease that are necessary to bring the Project to completion; and

NOW, THEREFORE, BE IT RESOLVED by the UNC Board of Governors as follows:

Section 1. **Authorization of the Ground Lease Agreement.** The authority to enter into a Ground Lease Agreement with CHF is hereby delegated to the Chancellor of UNCW, or the Chancellor’s designee (the “Authorized Officer”). The form and content of such Ground Lease Agreement shall be consistent with the material terms and provisions of the term sheet made available to the UNC Board of Governors and shall be in a form acceptable to the Authorized Officer.

Section 2. **General Authorization.** UNCW, by and through its Authorized Officer, is hereby delegated the authority, to enter into those agreements anticipated by the ground lease that are necessary to bring the Project to completion.

Section 3. ***Conflicting Provisions.*** All resolutions or parts thereof of the Board of Governors in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 4. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 27th day of July, 2018.

STATE OF NORTH CAROLINA)
)
COUNTY OF ORANGE)

SS:

SECRETARY’S CERTIFICATE
OF AUTHENTICATION

I, ANDREA POOLE, Senior Associate Vice President and Secretary of the University of North Carolina System, *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 System at its meeting on July 27, 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 System held on July 27, 2018 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 27, 2018 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this 27th day of July, 2018.

[SEAL]

ANDREA POOLE
Senior Associate Vice President and Secretary
University of North Carolina

UNCW STUDENT VILLAGE

P3 INDUSTRY CONTEXT & PERSPECTIVE
PRESENTED TO THE UNC BOARD OF GOVERNORS

BRAD NOYES - EXECUTIVE VICE PRESIDENT
JULY 2018



BRAILSFORD & DUNLAVEY

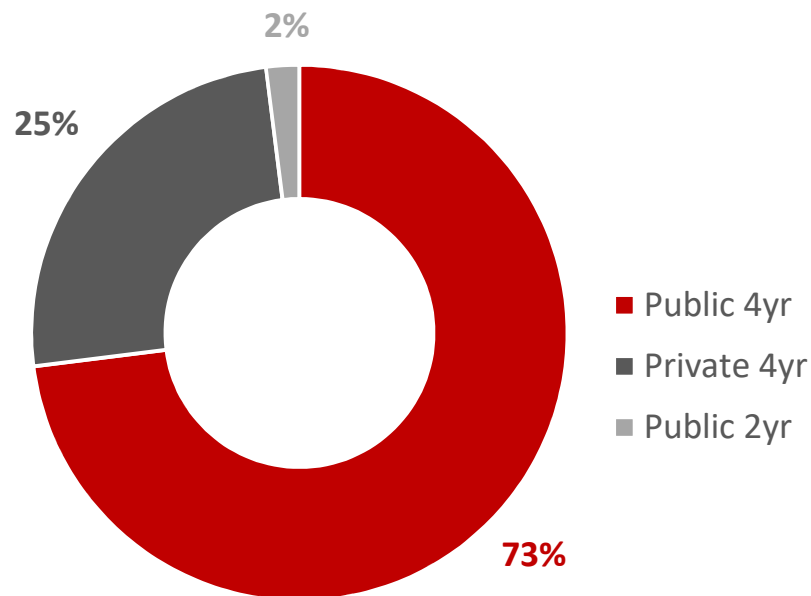
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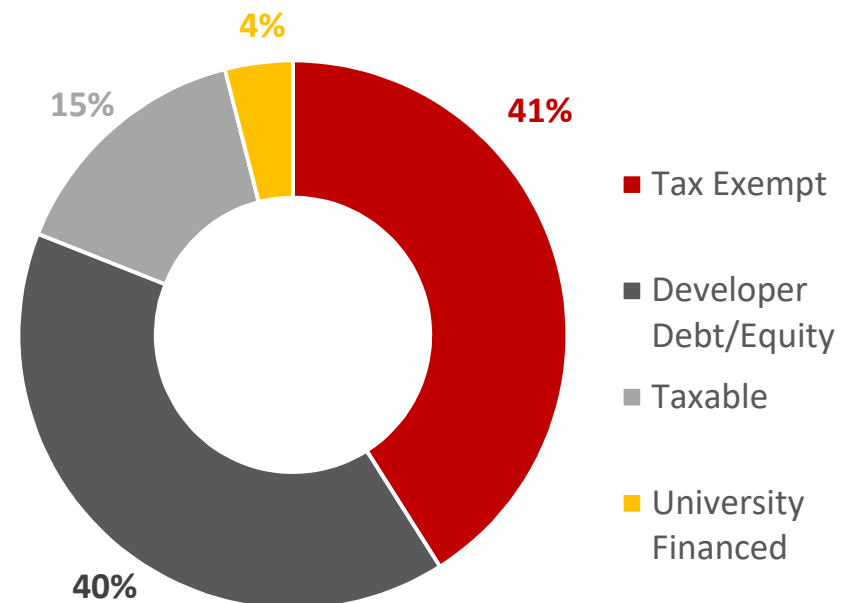
P3 Industry Trends

- 19 P3 housing projects closed in 2017.
- Average closing value in 2017 was \$86.9 million.

% of P3 Projects by Institution Type



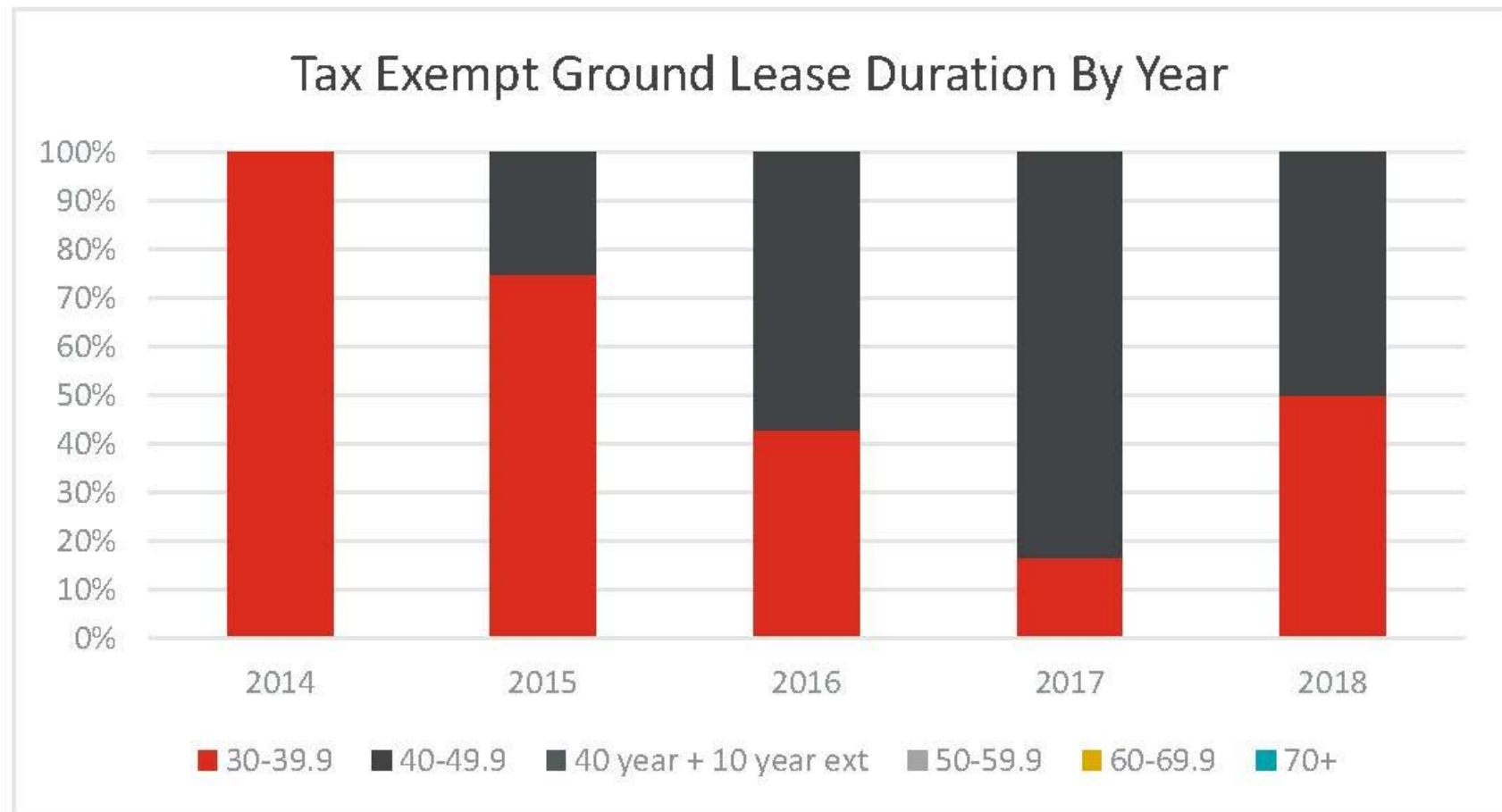
% of P3 Projects by Financial Structure



P3 Industry Trends



P3 Industry Trends



P3 Industry Trends

Typical Ground Lease Terms for Tax-Exempt 501(c)(3) Model

UNC Wilmington

- Tax-exempt financing is non-recourse to the University
- Ground Lease term for duration of financing, typically 38-45 years
- Obligates 501(c)(3) owner to enter into agreements for development and management of the project.
- Establishes University control over annual budgets, including student rents
- Improvements transferred to University free and clear at termination or expiration of Ground Lease
- Ground rent paid to University in amount of net available cash flow
- University review and approval required for all design and construction documents, contracts, and change orders
- No liens may encumber University's fee interest in the leased property



UNCW Student Village Ground Lease Discussion

Presented to the UNC Board of Governors
Miles Lackey, Vice Chancellor for Business Affairs
July 2018



UNIVERSITY of NORTH CAROLINA WILMINGTON

P3 Value Proposition

<u>Project Goals & Objectives</u>	<u>Proposed P3 Project</u>	<u>Rationale</u>
Limit the project's financing impact to the University and preserve debt capacity	✓	Project-finance structure and off-balance sheet treatment may reduce financing impact
Maintain student affordability by keeping rates as low as possible	✓	Faster project delivery and longer amortization period allow for lower rental rates
Leverage private sector expertise and efficiencies to reduce project costs	✓	Experienced development team utilizes industry knowledge and national presence to provide lower costs
Develop a comprehensive solution for meeting UNCW's long-term housing needs	✓	Large-scale, multi-phase approach enables an efficient and holistic development approach
Accelerate delivery time period so as to limit impact of rising construction costs	✓	Structure shifts portion of delivery risk to private sector and reduces timeframe for completion

Project Overview

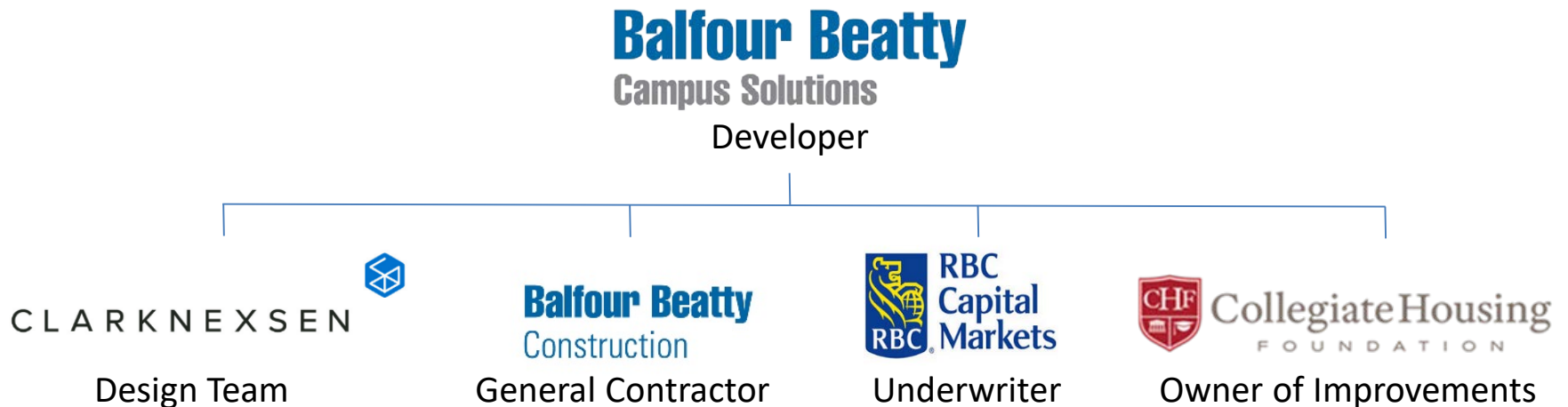
- Through a competitive procurement process, UNCW selected Balfour Beatty Campus Solutions (BBCS) to develop on-campus housing in a public-private partnership:



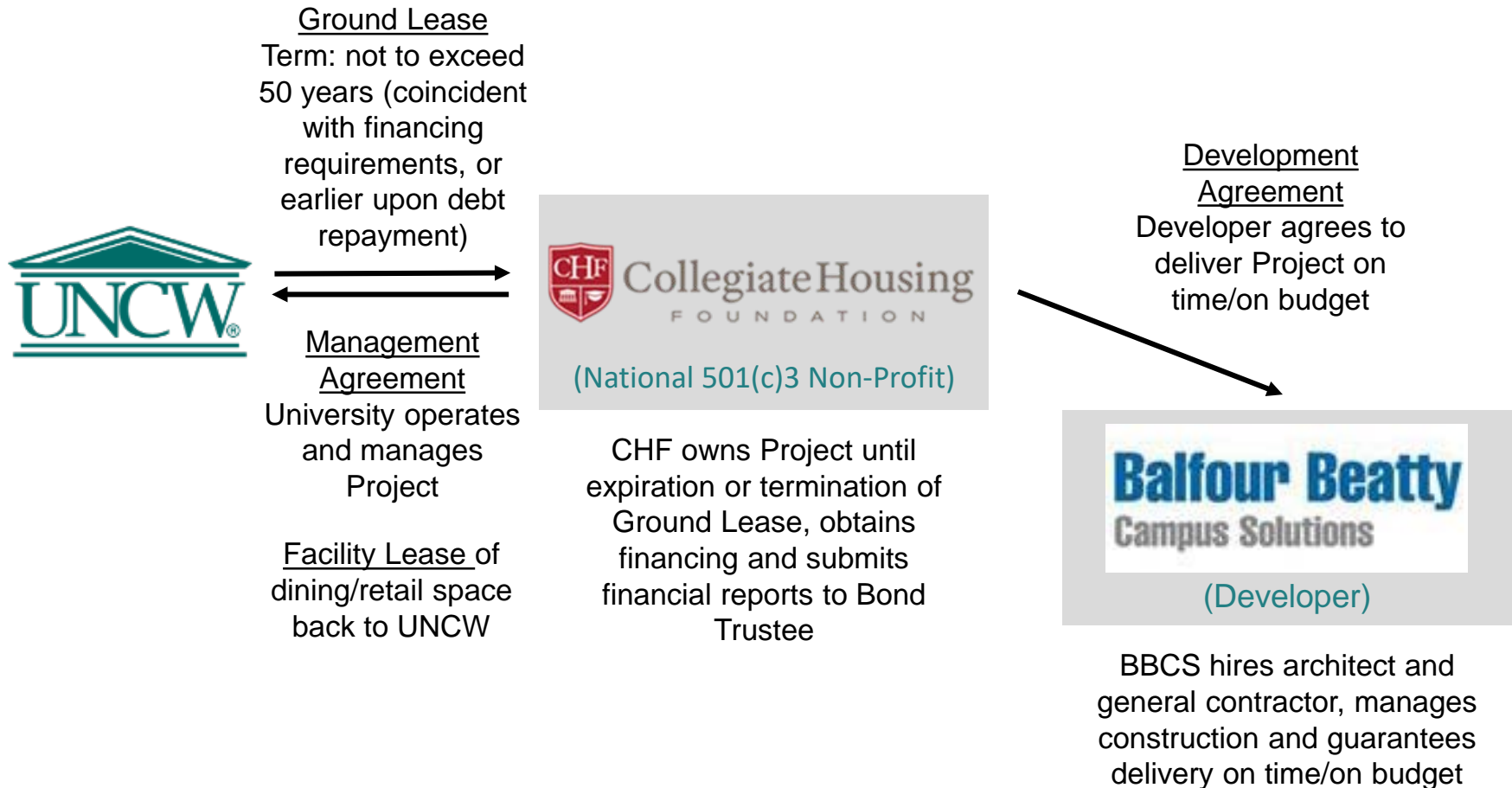
- Approximately 1,800 beds in a dynamic Student Village
- Two-phase delivery in Fall 2020 and Fall 2021
- \$121 million development budget (Not including financing costs)
- Project financed and owned by the Collegiate Housing Foundation (CHF) through tax-exempt debt

Project Team

- In May 2018, the Board of Governors authorized UNCW to enter into a Pre-development Agreement with BBCS.



P3 Project Deal Structure



Ground Lease Agreement

- UNCW is seeking BOG authorization to enter into a Ground Lease Agreement with CHF.
- A Ground Lease Agreement between UNCW and CHF will:
 - Provide CHF with leasehold interest in the project site
 - Allow CHF to obtain project financing
 - Obligate CHF to develop the Student Village and own the improvements for the duration of the ground lease
 - Establish terms for the ongoing governance of the Student Village
 - Provide for UNCW's right to approve plans and specifications for the Student Village
- The Ground Lease Agreement is the foundation for related agreements on the development and management of the Student Village.



Related Project Agreements

Development Agreement

- CHF will enter into a Development Agreement with BBCS.
 - UNCW will not be a signatory, but will retain oversight of design and construction through the Ground Lease Agreement.
- A Development Agreement will:
 - Obligate BBCS for the on-time and on-budget delivery of the Student Village
 - Enable BBCS to engage the General Contractor, leading to a Guaranteed Maximum Price (GMP)
- UNCW will not be at risk for cost overruns during construction.
- BBCS will be responsible to provide temporary housing and related services in the event of late delivery.



Related Project Agreements

Management Agreement

- CHF will enter into a Management Agreement with UNCW.
- A Management Agreement will:
 - Obligate UNCW to operate and manage the Student Village on behalf of CHF, to the same standards as UNCW housing
 - Provide that UNCW will be reimbursed for its services as an operating expense to the project
 - Set annual budgeting and capital improvement planning procedures



Ground Lease Terms

- UNCW requests authority for a Ground Lease Agreement that would include the following terms:

Ground Lease Agreement Material Terms:

Lessor:	UNCW
Lessee:	Collegiate Housing Foundation (CHF)
Ground Lease Term:	Not to exceed 50 years
Financing:	100% long-term debt issued for the benefit of CHF Project financing is non-recourse to UNCW
Improvements:	Four residential buildings, not exceeding five above-ground floors, including: <ul style="list-style-type: none"> - Approximately 1,800 student housing beds in pod-style and suite-style units - Approximately 3,500 SF of dining space
Owner of Improvements During Lease Term:	CHF
Owner of Improvements Upon Lease Expiration:	UNCW



Ground Lease Terms (Cont.)

Ground Lease Agreement Material Terms:

Land Rent:	Net available cash flow
Net Available Cash Flow:	<p>Net available cash flow is produced from the project annually, and is projected to average approximately \$940,000 annually in the first 10 years.</p> <p>Net available cash flow is the result of rents from student tenants and non-rent revenues (including conference revenues, fees, fines, etc.), following payment of debt service, operating expenses, and required reserves. Net available cash flows are driven by the financing requirement to meet a minimum 1.20x debt coverage ratio.</p>
Exit Provisions:	<p>UNCW, or its associated entity, will have the option, following year 10, to purchase the improvements and terminate the Ground Lease Agreement at a price equal to the amount necessary to pay off the bonds.</p> <p>UNCW will also have the right to terminate the Ground Lease Agreement and take possession of the improvements as a remedy for certain Events of Default.</p>



Timeline

Date	Milestone
July 27, 2018	Board of Governors delegates authority to UNCW for Ground Lease Agreement and related Project Agreements
September 2018	Design development complete
November 2018	BBCS to state a guaranteed maximum price (GMP)
November/December 2018	Targeted financial close Ground Lease and Project Agreements executed concurrently
January 2019	Begin construction of Phase I
May 2020	Begin demolition of University Apartments and construction of Phase II
August 2020	Phase I ready for move-in
August 2021	Phase II ready for move-in



Campus Action Request

Section 1. ***Authorization of the Ground Lease Agreement.*** The authority to enter into a Ground Lease Agreement with CHF is hereby delegated to the Chancellor of UNCW, or the Chancellor's designee (the "Authorized Officer"). The form and content of such Ground Lease Agreement shall be consistent with the material terms and provisions of the term sheet made available to the UNC Board of Governors and shall be in a form acceptable to the Authorized Officer.

Section 2. ***General Authorization.*** UNCW, by and through its Authorized Officer, is hereby delegated the authority, to enter into those agreements anticipated by the ground lease that are necessary to bring the Project to completion.



UNCW Student Village

Ground Lease Discussion

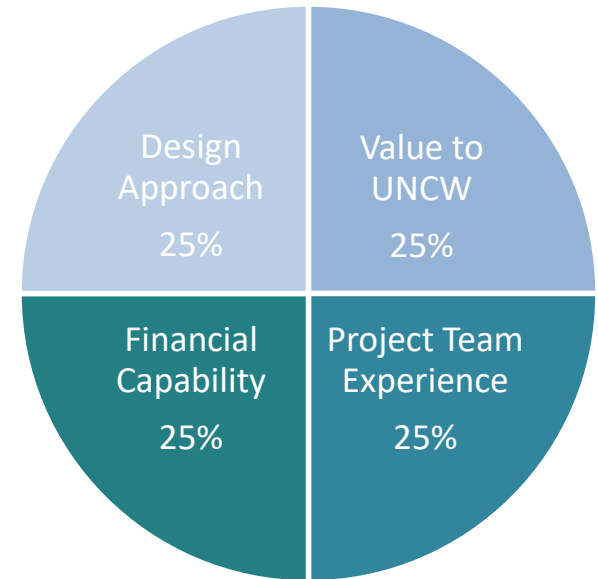
Presented to the UNC Board of Governors
Miles Lackey, Vice Chancellor for Business Affairs
July 2018



UNIVERSITY of NORTH CAROLINA WILMINGTON

Due Diligence Process

- **Request for Qualifications (RFQ)**
 - Timeframe: Issued July 2017
 - Objective: Solicit responses from experienced P3 development firms
 - Outcome: Nine (9) submittals received; five (5) firms were short-listed
- **Request for Proposals (RFP)**
 - Timeframe: Issued Sept. 2017
 - Objective: Provide detailed objectives and specifications that would allow UNCW to evaluate design and deal options
 - Outcome: Two firms selected for negotiation
- **Best and Final Offers (BAFO)**
 - Timeframe: Dec. 2017 through Feb. 2018
 - Objective: Maximize value by engaging directly with finalists
 - Outcome: Balfour Beatty Campus Solutions



UNCW 6-Member Selection Team	2 – Housing & Residence Life 2 – Finance 2 – Facilities
Advisors	UNCW General Counsel UNCW Procurement Brailsford & Dunlavey First Tryon Advisors



Project Background

Target Area Existing Conditions



- Planning Process
 - Housing Master Plan completed in 2017
 - 1,587 students completed the housing survey
- Student Housing Needs
 - Projected 1,386-bed housing shortage by Fall 2021
 - Existing unit configurations are misaligned with market
- Opportunity
 - Deliver a dynamic new student village featuring pod-style and suite-style unit configurations
 - Remove University Apartments to better align supply with demand

AGENDA ITEM

A-5. Millennial Campus Expansion Request – ECU Sara Thorndike

Situation: The Board of Trustees of East Carolina University has requested that the Board of Governors expand the area currently designated as a Millennial Campus to include three additional areas (comprising nine parcels and one road closure), thereby increasing opportunities for public-private partnerships and regional economic development.

Background: G.S. 116-198 Article 21B: The Centennial Campus, the Horace Williams Campus, and the Millennial Campuses Financing Act define the process for seeking the Millennial Campus designation. The legislation states that the Board of Governors may act on recommendations by the president of the University of North Carolina System after consultation with the chancellor and the board of trustees of a constituent institution to designate real property held by, or to be acquired by, a constituent institution as a Millennial Campus of the institution.

That designation shall be based on an express finding by the Board of Governors that the institution desiring to create a Millennial Campus has the administrative and fiscal capability to create and maintain such a campus. Furthermore, the Board of Governors shall have determined that creating the constituent institution's Millennial Campus will enhance the university's research, teaching, and service missions, as well as the economic development of the region served by the institution.

Assessment: The Millennial Campus concept has been widely and successfully used by NC State University, UNC-Chapel Hill, N.C. A&T/UNC Greensboro, Appalachian, ECU, UNC Charlotte, UNCW, and WCU. The proposed additions include nine parcels and one road closure, adding to the Warehouse District Campus properties and creating two new Millennial Campus areas: the Greenhouse-Renewable Energy Property and the Coastal Studies Institute Property.

The addition to the Warehouse District Campus will provide a contiguous property for siting the Life Sciences and Biotechnology Building, which is currently in design, and its associated parking garage. The Greenhouse-Renewable Energy Property will serve as the site for ECU's planned Research Greenhouse, which will provide a field site for renewable energy research and will complement the bio-extraction facilities planned for the Life Sciences and Biotechnology Building. Together, these areas will enable new product and process innovations in support of targeted regional industry such as pharmaceuticals, biomaterials, and energy.

The third area to be added to the Millennial Campus designation is the Coastal Studies Institute Property located in Manteo, NC, but administered under the auspices of ECU. This addition will enable collaborations with partners such as the U.S. Army Corps of Engineers, the Bureau of Ocean Energy Management, and other entities similarly engaged in analyzing and planning for the needs of coastal North Carolina. Adding the Coastal Studies Institute to the ECU Research and Innovation Campus will foster more of these mutually beneficial partnerships, increasing opportunities to attract talent and new start-ups, and advance cultural tourism.

Action:

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

ECU Millennial Campus Expansion Request

*Presented to the Board of Governors
by Sara Thorndike, Vice Chancellor for
Administration and Finance*

July 2018

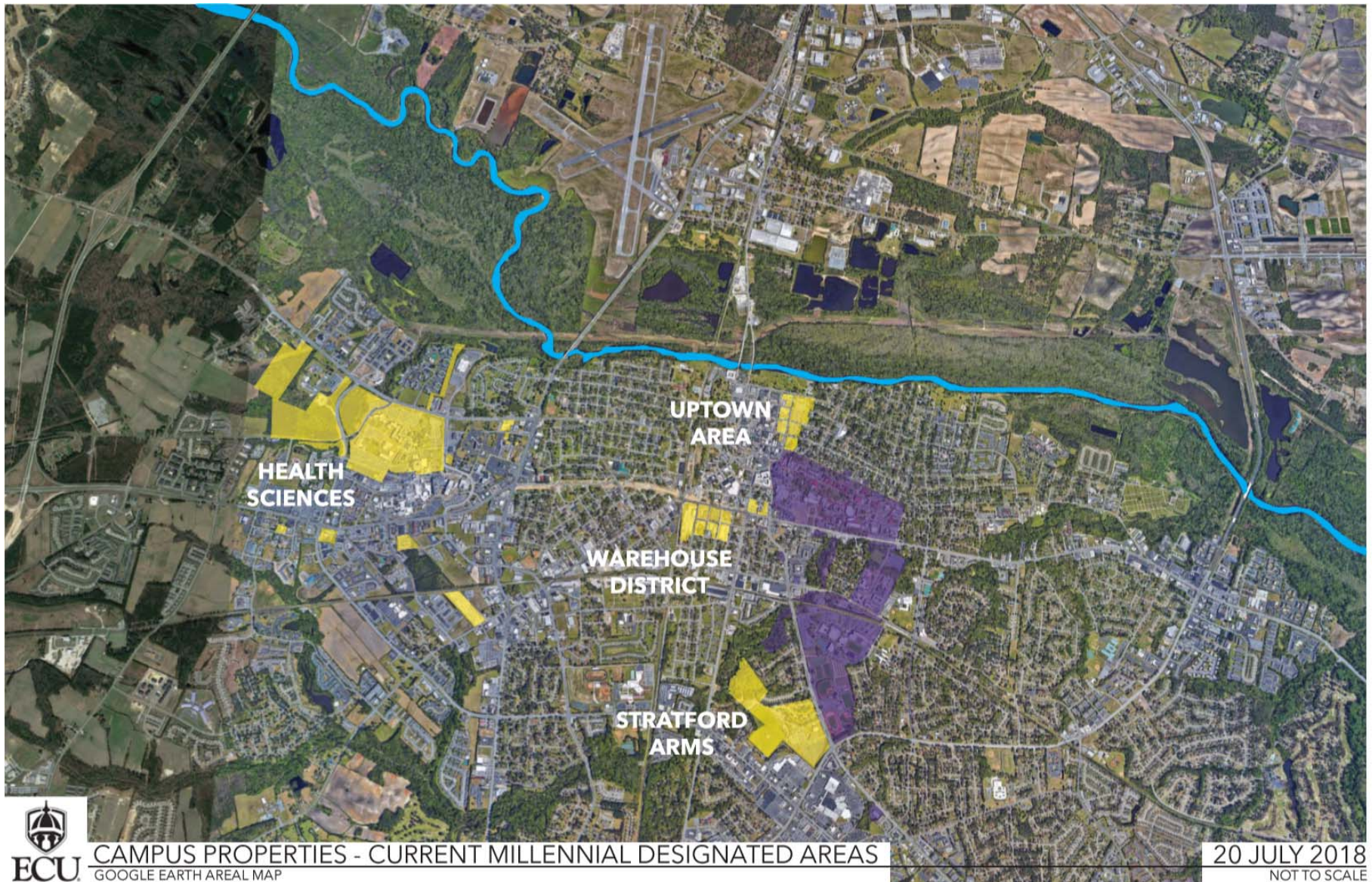


Existing Millennial Campus

- In 2015, East Carolina University received approval from its Board of Trustees and the UNC Board of Governors to designate 329 acres as the ECU Research and Innovation Campus to drive creation of Greenville's Arts & Innovation District, and enable beneficial transformation region-wide, through public-private partnerships, to produce innovations in education, science, technology and the arts that address regional challenges while attracting and retaining talent and investment



Existing Millennial Campus



Research Innovation and Progress

- Construction begins July 2019 on Life Sciences and Biotechnology Building near the Warehouse District for multidisciplinary, team-based, industry-relevant research
- Partnering with private developer on Innovation and Economic Development Hub within the historic Export Leaf Tobacco Building in the Warehouse District
- Construction begins Summer 2019 on Research Greenhouse and field site for renewable energy research
- Designation of ECU as the administrative home for the UNC Coastal Studies Institute
- Establishment of 8 university research clusters led by, and supporting faculty-initiated research teams



Research Innovation and Progress

- Addition of design thinking, innovation and entrepreneurship training in ECU's Honors College curriculum
- Establishment of the Miller School of Entrepreneurship within ECU's College of Business
- ECU's Building 43 renovations will provide “garage space” for creative interdisciplinary collisions among students and faculty
- Funding from U.S. Economic Development Administration's Regional Innovation Strategies Program for building regional capacity translates innovations into jobs
- Funding from National Science Foundation's Innovation Corps Program transitions technology concepts into the marketplace



Research Innovation and Progress

- Establishment of GreenvilleSEED@ECU incubator in partnership with City of Greenville and Greenville-Pitt Chamber of Commerce
- ECU Economic Development Academy provides place-based economic development training statewide to elected officials, business leaders and economic development staffers
- Roll-out of ECU's Rural Prosperity Initiative harnessing the intellectual strengths and research facilities of ECU to improve the quality of life, health, education, and employment for the people and communities of our region



Impacts to ECU, Region and State

- Creates, expands and recruits new enterprises and a skilled, knowledgeable, and adaptable labor-force
- Fuels knowledge transfer, innovation and entrepreneurship
- Develops regional leadership
- Targets scholarship and service for distressed communities
- Positions region as a magnet for talent, creativity, and investment



Supports UNC Strategic Plan

- Diverse revenue streams can help fund campus Affordability; learning from private businesses encourages Efficiency
- Public-private partnerships have a positive Economic Impact and increase Community Engagement through job creation and knowledge transfer
- Opportunities to engage in research and innovation create experiential learning that helps students develop competencies and promotes Student Success
- Involvement in partnerships gives students Access to rigorous learning experiences
- Expanded opportunities for learning and curriculum development in these subject areas promotes Excellence and Diversity

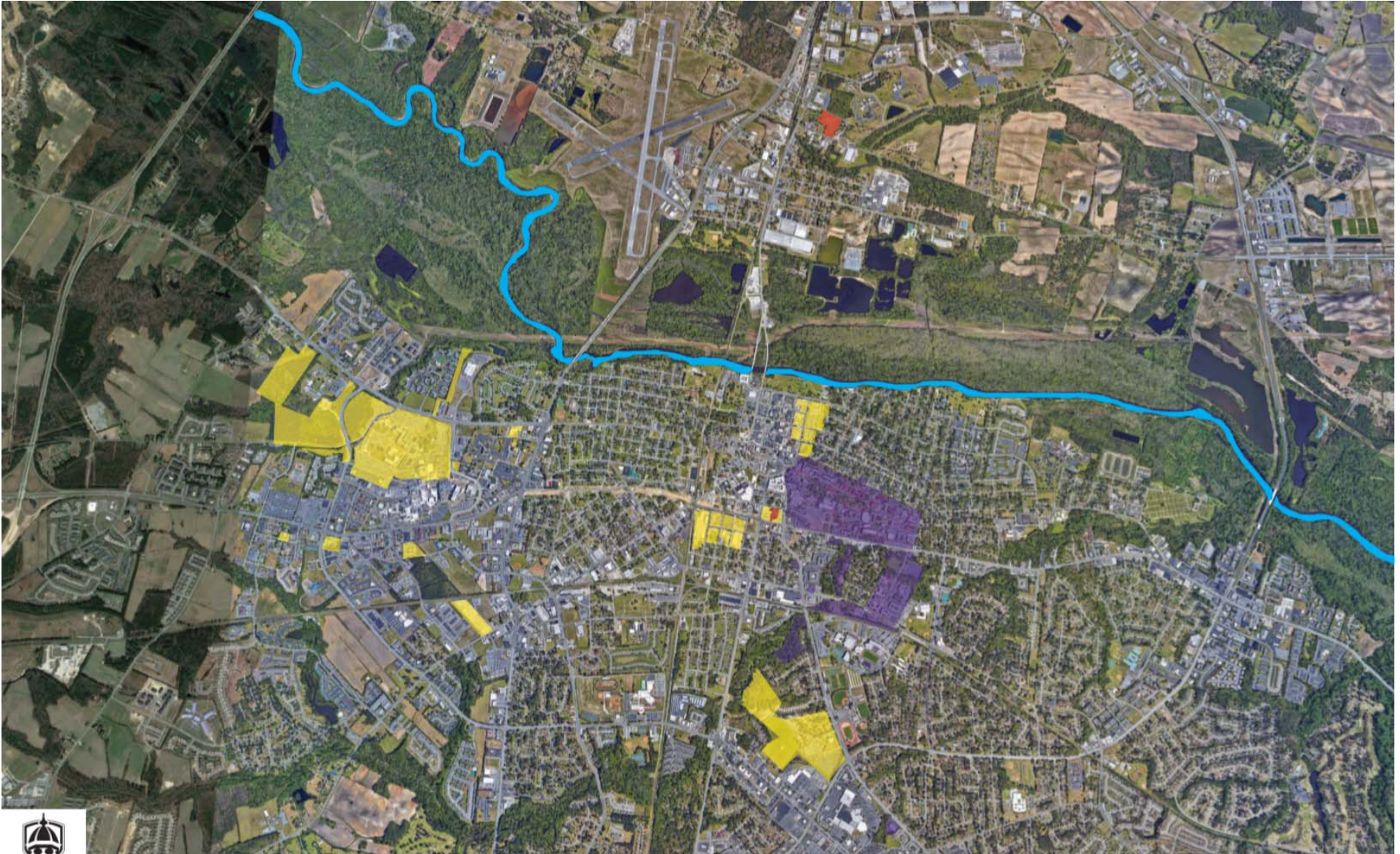


Expansion Request

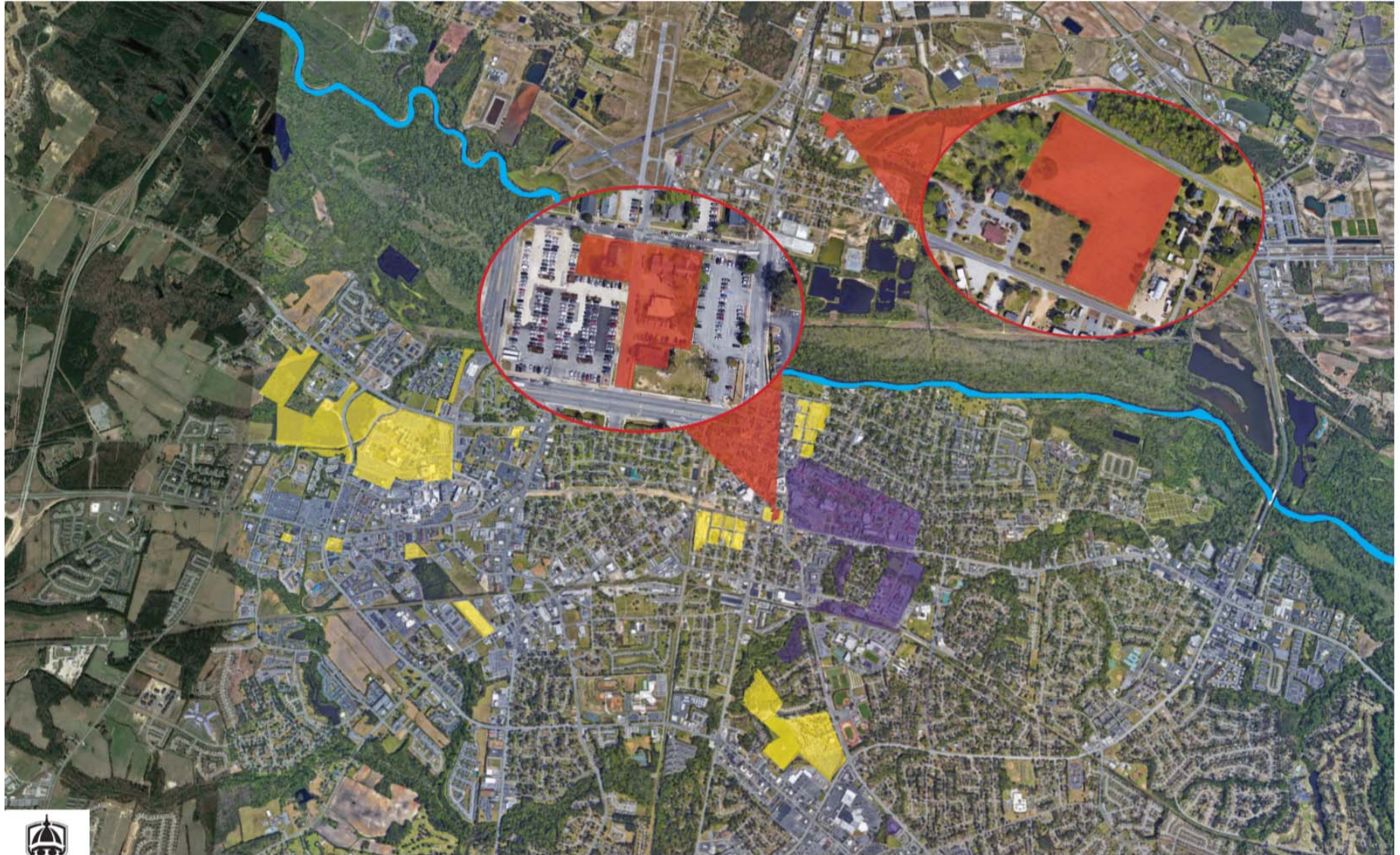
- East Carolina University, which comprises 1,580 acres, seeks Millennial Campus designation for nine parcels and one road closure for the ECU Research and Innovation Campus to:
 - Add to existing Warehouse District Campus (1.14 acres)
 - Create two new Millennial Campus areas:
 - Greenhouse-Renewable Energy Property (6.71 acres)
 - Coastal Studies Institute Property (199.91 acres)



Expansion Request



Expansion Request



Expansion Request

Warehouse District Campus Properties



Expansion Request

Warehouse District Campus Properties

- Includes 6 parcels in the Forbes Street Closure area
- Creates a contiguous property for the Life Sciences and Biotechnology Building and an associated parking garage (between 9th and 10th Streets and Evans and Cotanche Streets)
- Maximizes opportunities for public-private partnerships; supports opportunities to leverage non-state resources to fuel economic development throughout the district



Expansion Request

Greenhouse-Renewable Energy Property



Expansion Request

Greenhouse-Renewable Energy Property

- 6.71 acres between N. Greene and Owens Streets and E. NC 33 and E. Belvoir Street
- Site for ECU's Research Greenhouse and a field site for renewable energy research
- The Research Greenhouse will complement the new bio-extraction facilities planned for the Life Sciences and Biotechnology Building, enabling new product and process innovations to support targeted regional industry clusters (pharmaceuticals, biomaterials, energy)



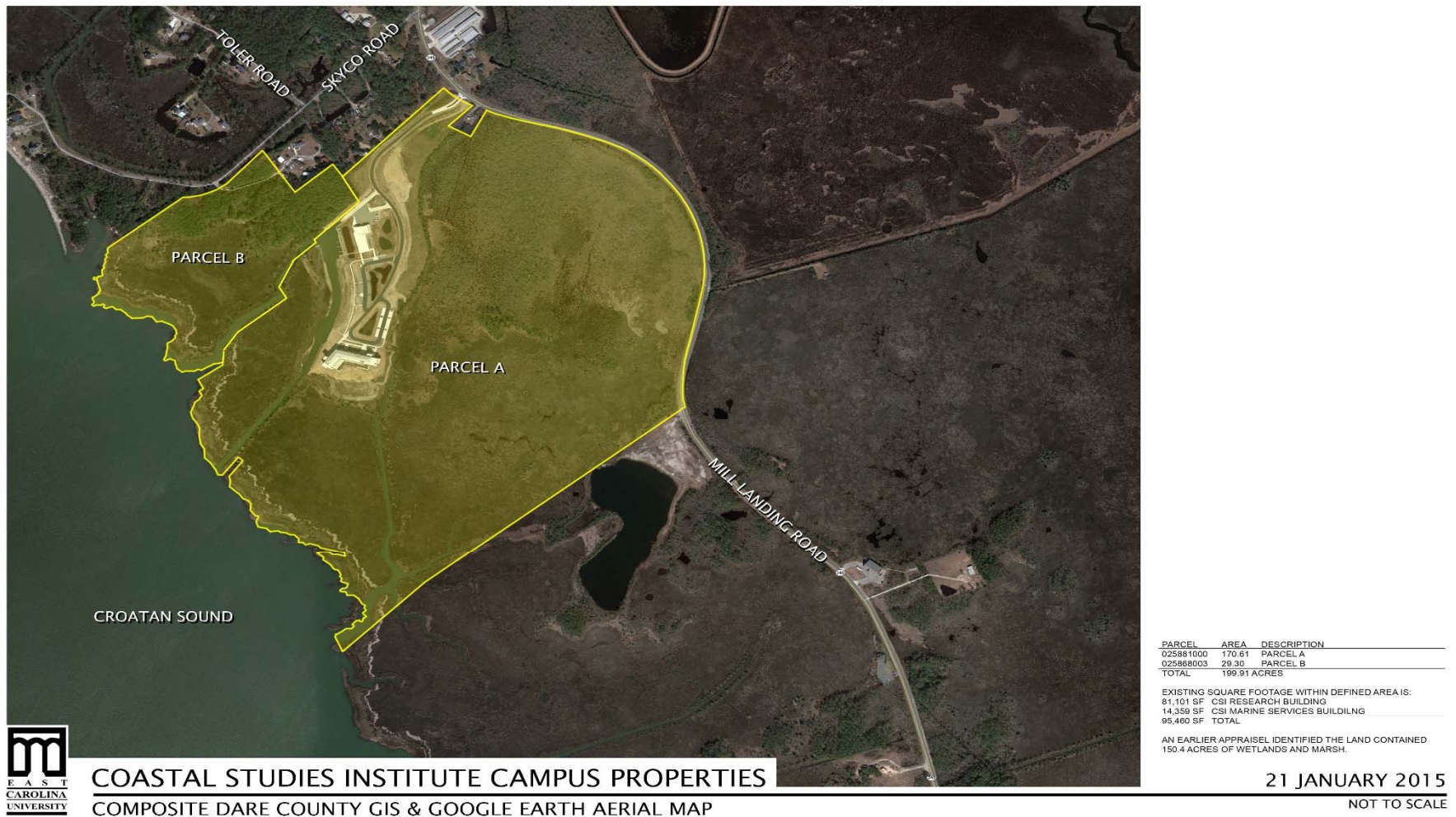
Expansion Request

- Field site for research and workforce training supports advances in areas such as renewable biogas, which has the potential to serve as a major economic driver in eastern North Carolina
- Optimally located: adjacent to the Technology Enterprise Center, a collaborative research, workforce training, manufacturing and incubation facility operated by the Pitt County Development Commission, and proximate to numerous ECU industrial partners located within Greenville's Indigreen Corporate Park



Expansion Request

Coastal Studies Institute Property, Manteo, NC



Expansion Request

- UNC Coastal Studies Institute (CSI) encompasses 199.91 acres and collaborates with numerous external partners including the Bureau of Ocean Energy Management, the U.S. Army Corps of Engineers, the federal government's Hurricane Sandy Task Force, state coastal planning agencies and other entities to analyze needs and develop plans for coastal restoration
- Fosters mutually beneficial partnerships and resulting impacts emanating from this critically located regional installation
- Potential public-private economic development partnerships in energy related start-ups, hospitality leadership, and cultural tourism could enhance the economies of surrounding communities and coastal development



Request for Approval

- The Board of Trustees of East Carolina University respectfully requests that the UNC Board of Governors approve the expansion of ECU's existing Millennial Campus to:
 - Add to the existing area of the Millennial Campus in the Warehouse District (1.14 acres)
 - Create two new Millennial Campus areas:
 - Greenhouse-Renewable Energy Property (6.71 acres)
 - Coastal Studies Institute Property (199.91 acres)



AGENDA ITEM

A-6. Capital Improvement Projects – N.C. A&T, NC State, UNC-Chapel Hill, UNC Charlotte, UNCSCA, and WSSU Nathan Knuffman

Situation:	Six UNC System institutions have requested a total of 9 capital improvement projects: one project for advance planning, seven new projects for authority, and one project for increased authorization.
Background:	The Board of Governors may authorize capital construction projects and advance planning projects at UNC System institutions using available funds.
Assessment:	N.C. A&T, NC State, UNC-Chapel Hill, UNC Charlotte, UNCSCA, and WSSU 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 NC 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 – N.C. A&T, NC State, UNC-Chapel Hill, UNC Charlotte, UNCSA, and WSSU

ISSUE OVERVIEW

UNC System 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 System institutions have requested a total of nine capital improvement projects: one project for advance planning, seven new projects for authority, and one project for increased authorization.

I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
University of North Carolina at Chapel Hill					
1.	Translational Research Building (\$156,520,000)	\$3,250,000	\$1,750,000	\$1,500,000	F&A
<i>UNC-CH Subtotal</i>		<i>\$3,250,000</i>	<i>\$1,750,000</i>	<i>\$1,500,000</i>	

II. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina A&T State University					
2.	Aggie Stadium Track Resurfacing	\$1,454,900	-	\$1,454,900	Athletic Receipts
<i>N.C. A&T Subtotal</i>		<i>\$1,454,900</i>	<i>\$0</i>	<i>\$1,454,900</i>	
North Carolina State University					
3.	Water Line Replacement – Avent Ferry Buildings E & F	\$450,000	-	\$450,000	Housing Receipts
<i>NC State Subtotal</i>		<i>\$450,000</i>	<i>\$0</i>	<i>\$450,000</i>	
University of North Carolina at Chapel Hill					
4.	High Frequency Throughput Sequencing Facility Relocation	\$675,000	-	\$675,000	F&A
5.	UNC Visitors Center	\$347,721	-	\$347,721	Trust Funds
<i>UNC-CH Subtotal</i>		<i>\$1,022,721</i>	<i>\$0</i>	<i>\$1,022,721</i>	
University of North Carolina at Charlotte					
6.	West Substation	\$6,500,000	\$650,000	\$5,850,000	Carry-forward (89%)/F&A (11%)
<i>UNCC Subtotal</i>		<i>\$6,500,000</i>	<i>\$650,000</i>	<i>\$5,850,000</i>	

II. NEW PROJECTS (continued)

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
University of North Carolina School of the Arts					
7.	Moore and Sanford Residence Hall HVAC Replacement	\$2,383,000	-	\$2,383,000	Housing Reserves
<i>UNCSA Subtotal</i>		<i>\$2,383,000</i>	<i>\$0</i>	<i>\$2,383,000</i>	
Winston-Salem State University					
8.	Wilson Hall & Brown Hall – Card Access Control	\$576,000	-	\$576,000	Housing Receipts
<i>WSSU Subtotal</i>		<i>\$576,000</i>	<i>\$0</i>	<i>\$576,000</i>	

III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
University of North Carolina at Charlotte					
9.	Scott Hall	\$23,200,000	\$22,500,000	\$700,000	Housing Receipts
<i>UNCC Subtotal</i>		<i>\$23,200,000</i>	<i>\$22,500,000</i>	<i>\$700,000</i>	
Grand Total		\$38,836,621	\$24,900,000	\$13,936,621	

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-7. Authorization of Replacement Lines of Credit – UNC-Chapel Hill..... Nathan Knuffman

Situation: The University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) requests authority from the UNC Board of Governors to enter into two line of credit agreements to replace an existing line of credit with Wells Fargo Bank, National Association.

Background: To support its joint commercial paper program with North Carolina State University (“NC State”) and other outstanding variable rate bonds, UNC-Chapel Hill currently maintains three lines of credit with combined availability up to \$400,000,000. The institution maintains the lines of credit to provide liquidity in the event any commercial paper or variable rate bonds cannot be resold or remarketed on a timely basis.

UNC-Chapel Hill maintains one of its lines of credit with Wells Fargo Bank, National Association in an amount up to \$200,000,000 (“Wells Fargo Line”), which will expire in September of 2018. The institution has undertaken a competitive bid process to solicit proposals to renew or replace the Wells Fargo Line.

UNC-Chapel Hill is requesting authority from the Board to enter into a line of credit agreement with Bank of America, N.A. and a line of credit agreement with Branch Banking & Trust Company, each in an amount up to \$100,000,000, to replace the Wells Fargo Line.

Assessment: The Board has previously authorized UNC-Chapel Hill to replace its line of credit agreements (most recently in 2017), and the institution will continue to periodically make such requests to ensure the prudent management of the joint commercial paper program and its other variable rate debt. The replacement lines of credit will not create any additional indebtedness for UNC-Chapel Hill or NC State University.

UNC-Chapel Hill is currently rated Aaa with a stable outlook by Moody’s Investors Service, AAA with a stable outlook by Standard & Poor’s Global Ratings, and AAA with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill’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.

Authorization of Replacement Lines of Credit – UNC-Chapel Hill

ISSUE OVERVIEW

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

The Board previously issued (1) University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A to establish a \$350,000,000 commercial paper program (“Commercial Paper Program”) to provide interim financing for certain projects for UNC-Chapel Hill and NC State previously approved by the Board and the General Assembly, and (2) various other series of special obligation variable rate bonds to finance certain projects at UNC-Chapel Hill (“Variable Rate Demand Bonds”).

To support the Commercial Paper Program and the Variable Rate Demand Bonds, UNC-Chapel Hill currently maintains three lines of credit with combined availability up to \$400,000,000 (collectively, the “Lines of Credit”). The institution maintains the Lines of Credit to provide liquidity in the event it is required to purchase any Commercial Paper or Variable Rate Demand Bonds that cannot be resold or remarketed on a timely basis. As of June 1, 2018, the outstanding balance under the Commercial Paper Program was \$35,000,000, and the outstanding balance of the Variable Rate Demand Bonds supported by the lines of credit was \$285,150,000.

UNC-Chapel Hill currently maintains one of its lines of credit with Wells Fargo Bank, National Association in an amount up to \$200,000,000 (the “Wells Fargo Line”), which will expire in September of 2018. UNC-Chapel Hill has undertaken a competitive bid process to solicit proposals to renew or replace the Wells Fargo Line.

UNC-Chapel Hill requests authority from the Board to enter into a line of credit agreement with Bank of America, N.A. and a line of credit agreement with Branch Banking & Trust Company, each in an amount up to \$100,000,000, to replace the Wells Fargo Line.

UNC-CH is currently rated Aaa with a stable outlook by Moody’s Investors Service, AAA with a stable outlook by Standard & Poor’s Global Ratings, and AAA with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill’s credit ratings.

Parker Poe is bond counsel, and Prager & Co. is the financial advisor.

It is recommended that the president of the University, or her designee, be authorized to execute and deliver the replacement line of credit agreements and any related documentation through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AUTHORIZING
LINE OF CREDIT AGREEMENTS IN CONNECTION WITH THE VARIABLE RATE OBLIGATIONS ISSUED ON BEHALF OF
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND NORTH CAROLINA STATE UNIVERSITY AT RALEIGH**

WHEREAS, the Board of Governors of the University of North Carolina System (the “*Board*”) is authorized by Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project within the meaning of the Act; and

WHEREAS, the Board has previously issued and may issue additional variable rate special obligation bonds (the “*Variable Rate Demand Bonds*”) on behalf of the University of North Carolina at Chapel Hill (“*UNC-Chapel Hill*”) and commercial paper special obligation bonds (the “*Commercial Paper Bonds*”) on behalf of UNC-Chapel Hill and North Carolina State University at Raleigh; and

WHEREAS, the Variable Rate Demand Bonds and the Commercial Paper Bonds, if they are unable to be remarketed or placed, are subject to purchase by UNC-Chapel Hill, on behalf of the Board, before their final maturity date;

WHEREAS, in order to provide liquidity to be able to provide sufficient funds to purchase, if necessary, the Variable Rate Demand Bonds and the Commercial Paper Bonds, together with other funds available to UNC-Chapel Hill, UNC-Chapel Hill has currently in place line of credit agreements in the aggregate amount of \$400,000,000 with Wells Fargo Bank, National Association, TD Bank, N.A. and Royal Bank of Canada;

WHEREAS, the current line of credit agreement with Wells Fargo Bank, National Association in the amount of up to \$200,000,000 will expire in September 2018 and, after a request for proposal process, UNC-Chapel Hill is recommending that it be replaced with a line of credit from Bank of America, N.A. in the amount of up to \$100,000,000 and a line of credit from Branch Banking & Trust Company in the amount of up to \$100,000,000;

WHEREAS, the form of the line of credit agreements (the “*New Liquidity Agreements*”) will be in similar form as the existing agreement previously approved by the Board;

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

Section 1. That the New Liquidity Agreements 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 and Chief Financial Officer of the University, the Secretary of the Board and the Secretary of the University, and anyone serving as such in an interim capacity, and their respective designees (the “*Authorized Officers*”), individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the New Liquidity Agreements for and on behalf of the Board, including necessary counterparts.

Section 2. The Authorized Officers and the vice chancellor for finance and operations of UNC-Chapel Hill, individually or collectively, are each hereby authorized, empowered and directed (a) 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 New Liquidity Agreements as executed, and (b) to do all such acts and things to carry out and comply with the provisions of this resolution, including the on-going administration of the New Liquidity Agreements.

Section 3. The Authorized Officers, individually and collectively, are each hereby authorized, empowered and directed, in their discretion and on consultation with officers of UNC-Chapel Hill and North Carolina State University, to execute future extensions and modifications of the New Liquidity Agreements that they deem to be in the best interest of UNC-Chapel Hill and North Carolina State University.

Section 4. This resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 27th day of July, 2018.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF ORANGE

)

I, Andrea Poole, Senior Associate Vice President and Secretary of the University of North Carolina System, *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 System at its regular meeting on July 27, 2018, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on July 27, 2018 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 27, 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]

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

AGENDA ITEM

A-8. Disposition of Property by Easement – NCCU..... Nathan Knuffman

- Situation:** The Board of Trustees of North Carolina Central University requests authorization to dispose of property by granting of easements along N. Alston Avenue, creating a transit corridor.
- Background:** GoTriangle, the Research Triangle’s regional transit authority, has requested that NCCU donate rights-of-way on the NCCU campus to allow for the development of the Durham-Orange Light Rail Transit System. The contemplated easements would be approximately 65 feet in width and total approximately .92 acres. All donated easements are reversionary and will be returned to the university in the event that the Durham-Orange Light Rail is not constructed as currently planned.
- Assessment:** Donation of the easements will facilitate the construction of the Durham-Orange Light Rail Transit System and will be counted as a match to assist GoTriangle in securing federal matching dollars. The planned light rail will assist NCCU as the university works to solve long term transit and parking needs.
- 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 – NCCU

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property. The Board of Trustees of North Carolina Central University has requested authorization to dispose of property by easement.

GoTriangle, the Research Triangle's regional transit authority, has requested that NCCU donate rights-of-way on the NCCU campus to allow for the development of the Durham-Orange Light Rail Transit System. The contemplated easements would be approximately 65 feet in width, which is sufficient to accommodate widening the street/sidewalk to fit the tracks in the median. Total acreage to be donated is projected at approximately .92 acres along the western side of Alston Avenue between Chidley North residence hall and Dupree Street. The final path of the track, as well as the terms of the easements, will be determined in consultation between NCCU and GoTriangle.

All donated easements are reversionary and will be returned to the university in the event that the Durham-Orange Light Rail is not constructed as currently planned. A specific expiration date will be negotiated and incorporated into the final easement agreement. GoTriangle has requested approval of easements for both NCCU and UNC-Chapel Hill, which will provide an opportunity to address both in a single request for approval to the NC Council of State.

The NCCU Board of Trustees voted to approve these easements at its June 27, 2018 meeting.

RECOMMENDATION

It is recommended that the Board of Governors approve this request. Following Board approval, final action by the NC Council of State will be required.

AGENDA ITEM

A-9. Disposition of Property by Easement – UNC-Chapel Hill Nathan Knuffman

- Situation:** The Board of Trustees of the University of North Carolina at Chapel Hill requests authorization to dispose of property by granting of easements at various locations on campus, creating a transit corridor.
- Background:** GoTriangle, the Research Triangle’s regional transit authority, has requested that UNC-Chapel Hill donate rights-of-way on the UNC-Chapel Hill campus to allow for the development of the Durham-Orange Light Rail Transit System. The contemplated easements would be approximately 75 feet in width and total approximately 20 acres. All donated easements are reversionary and will be returned to the university in the event that the Durham-Orange Light Rail is not constructed as currently planned.
- Assessment:** Donation of the easements will facilitate the construction of the Durham-Orange Light Rail Transit System and will be counted as a match to assist GoTriangle in securing federal matching dollars. The planned light rail will assist UNC-Chapel Hill as the university works to solve long term transit and parking needs.
- 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-Chapel Hill

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property. The Board of Trustees of the University of North Carolina at Chapel Hill has requested authorization to dispose of property by easement.

GoTriangle, the Research Triangle's regional transit authority, has requested that UNC-Chapel Hill donate rights-of-way on its campus to allow for the development of the Durham-Orange Light Rail Transit System. The contemplated easements would be approximately 75 feet in width, which is needed to accommodate the tracks and guideway on a cross-country light-rail alignment, not within an existing street. Total acreage to be donated is projected to be approximately 20 acres interspersed at various points on campus stretching from the Friday Center, along Prestwick Drive (Finley Golf Course), US Highway 15-501, and terminating off of Mason Farm Road, covering approximately 2.65 miles from the UNC Hospitals Station to the UNC Friday Center Station. The final path of the track, as well as the terms of the easements, will be determined in consultation between UNC-Chapel Hill and GoTriangle.

GoTriangle will have maintenance responsibilities within the donated easements. All donated easements are reversionary and will be returned to the university in the event that the Durham-Orange Light Rail is not constructed as currently planned. A specific expiration date will be negotiated and incorporated into the final easement agreement. GoTriangle has requested approval of easements for both UNC-Chapel Hill and NCCU, which will provide an opportunity to address both in a single request for approval to the NC Council of State.

The UNC-Chapel Hill Board of Trustees voted to approve these easements at its May 31, 2018 meeting.

RECOMMENDATION

It is recommended that the Board of Governors approve this request. Following Board approval, final action by the NC Council of State will be required.