

University of North Carolina Board of Governors
UNC Bond Program Report
October 2005

Major projects completed since the last board meeting include NCCU's Baynes Residence Hall Replacement (\$15M) and WSSU's Carolina Hall Comprehensive Renovation (\$4.2M). Smaller infrastructure projects at ECU (\$.8M) and WSSU (\$1.8M) have also been completed.

A total of 19 projects at 10 campuses were completed and accepted in time to permit occupancy for the fall semester. The aggregate worth of these construction contracts is \$255.3 million.

While we are seeing more projects being completed than being awarded, project awards continue as well, with NCSU's Withers Hall Renovation (\$11.4M) having been awarded this month. Including bond and non-bond funding sources involved in the Bond Program, awards to North Carolina construction firms have just topped the \$2B mark with slightly over half of all of the projects completed.

In the past year we have been concerned about the construction market and the price spikes we have experienced. While the market had stabilized, Hurricane Katrina and subsequently Hurricane Rita and the related recovery efforts will certainly have a further impact on the construction market. The most immediate impacts are anticipated in forest products such as lumber and wood sheathing heavily used in residential construction and in gypsum board. Energy costs, a key component in the production and distribution of many construction components, will be affected in the short-run because of the disruption to the supply out of the affected area. There will be a period of market volatility associated with commodities that are used both on residential projects and on institutional projects such as gypsum board and lumber products. Widespread damage from the storms compounded by rebuilding efforts will take some time, spreading some of the impact over a longer timeframe and perhaps lessening the resulting overall impact.

The continued use of CM @ Risk delivery for projects in combination with a proactive approach to risk mitigation is the best strategy to mitigate these market effects on the bond construction program. An updated project status overview reflecting activity by institution is included with this report and shows more than 80% of the bond funds committed. The level of present commitments with help in mitigating the overall effect of recent natural disasters and associated market effects on the Bond Program.

The Construction Manager at Risk (CM at Risk) and Single Prime Bid project delivery methods continue to be utilized for the vast majority of bond funded projects. The CM at Risk delivery method has been adapted to the current construction market conditions by utilizing a preliminary Guaranteed Maximum Price process for some recent projects. This approach to sharing risk between the owner and the Construction Manager has permitted project bidding to proceed even during periods of market volatility. The CM at Risk delivery method continues to be one of the

University of North Carolina Board of Governors
UNC Bond Program Report
October 2005

most effective means for increasing HUB participation. Recent CM at Risk projects have included HUB participation as a part of the construction management team.

Bond funded design and construction contracts continue to provide business opportunities for HUB firms. To date, design and construction contracts reflect a HUB participation of 15.4% of the total dollar value of contracts awarded. Contracts for design reflect a total minority participation level of 13.9% of the dollar value awarded. Construction contracts reflect a minority participation of 15.6% of the dollar value of contracts awarded. Overall HUB performance has risen slightly since the last report.

The University continues to exchange best practices across the system. Construction audits continued with the completion of seven audits and initiation of an 8th audit, which now focus on the financial aspects of project performance, as opposed to earlier audits that focused on process. Subsequent audits will continue this strategy. Additionally the University, the North Carolina American Institute of Architects, the Carolinas Association of General Contractors, the Department of Insurance and the State Construction Office are meeting periodically to identify and resolve common problems and identify opportunities for improvement. Initiatives involving the AIA include the development of specific architectural contract parameters for University projects. A joint position paper developed in conjunction with DOI on the application of the building code to existing buildings will help in the design and execution of building rehabilitation projects.

The University of North Carolina
Bond Project Status Overview - September 2005 Data
Contractual Commitments from Bond Funds

Institution	# of Projects per Bond List*	# of Project Bid Packages*	Total Dollar Value	In Design Phase				In Construction Phase				Complete				Land Acquisitions	
				\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
ASU	13	23	\$87,406,200	\$4,138,653	4.73%	1	4.35%	\$59,872,258	68.50%	9	39.13%	\$19,484,409	22.29%	13	56.52%	\$829,300	0.95%
ECU	13	21	\$190,609,500	\$6,241,074	3.27%	1	4.76%	\$71,308,666	37.41%	5	23.81%	\$94,590,288	49.63%	15	71.43%	\$7,668,849	4.02%
ECSU	19	21	\$46,296,800	\$2,325,310	5.02%	7	33.33%	\$18,509,942	39.98%	6	28.57%	\$14,415,184	31.14%	5	23.81%	\$0	0.00%
FSU	17	24	\$46,021,400	\$1,701,819	3.70%	5	20.83%	\$31,100,369	67.58%	13	54.17%	\$5,587,833	12.14%	6	25.00%	N/A	N/A
NCA&T	21	37	\$161,800,091	\$6,181,214	3.82%	8	21.62%	\$40,697,135	25.15%	10	27.03%	\$58,849,128	36.37%	19	51.35%	\$6,300,000	3.89%
NCCU	23	41	\$121,246,203	\$5,551,956	4.58%	3	7.32%	\$53,869,041	44.43%	14	34.15%	\$37,503,650	30.93%	24	58.54%	\$2,000,546	1.65%
NCSA**	12	10	\$42,547,500	\$498,726	1.17%	0	0.00%	\$5,633,600	13.24%	4	40.00%	\$30,897,201	72.62%	6	60.00%	\$2,830,564	6.65%
NCSU	40	117	\$468,256,655	\$13,352,778	2.85%	16	13.68%	\$126,700,474	27.06%	31	26.50%	\$219,033,642	46.78%	70	59.83%	\$3,112,630	0.66%
UNC-A	9	12	\$50,464,200	\$3,027,742	6.00%	1	8.33%	\$28,720,362	56.91%	3	25.00%	\$13,735,498	27.22%	8	66.67%	N/A	N/A
UNC-CH	49	88	\$510,539,075	\$38,378,286	7.52%	25	28.41%	\$222,893,055	43.66%	32	36.36%	\$133,110,040	26.07%	31	35.23%	\$5,492,533	1.08%
UNC-C	15	22	\$190,033,501	\$11,389,982	5.99%	4	18.18%	\$136,257,450	71.70%	10	45.45%	\$34,777,618	18.30%	8	36.36%	N/A	N/A
UNC-G	17	24	\$166,008,255	\$9,165,165	5.52%	6	25.00%	\$42,537,568	25.62%	6	25.00%	\$53,317,781	32.12%	12	50.00%	\$5,034,155	3.03%
UNC-P	17	16	\$56,873,600	\$1,602,847	2.82%	5	31.25%	\$8,075,066	14.20%	6	37.50%	\$35,276,761	62.03%	5	31.25%	N/A	N/A
UNC-W	18	29	\$109,201,800	\$7,654,661	7.01%	4	13.79%	\$48,072,538	44.02%	8	27.59%	\$26,787,846	24.53%	17	58.62%	\$2,100,000	1.92%
WCU	15	26	\$100,336,744	\$4,458,294	4.44%	6	23.08%	\$20,877,297	20.81%	5	19.23%	\$56,799,608	56.61%	15	57.69%	\$3,153,000	3.14%
WSSU	13	23	\$46,786,581	\$184,575	0.39%	1	4.35%	\$2,392,260	5.11%	7	30.43%	\$39,584,863	84.61%	15	65.22%	N/A	N/A
UNC-TV	2	6	\$65,890,600	\$0	0.00%	0	0.00%	\$40,193,833	61.00%	0	0.00%	\$8,994,347	13.65%	6	100.00%	N/A	N/A
NCSSM	2	4	\$5,163,000	\$0	0.00%	0	0.00%	\$0	0.00%	0	0.00%	\$5,163,000	100.00%	4	100.00%	N/A	N/A
The NC Arboretum** Reserve-for Repairs and Renovations & Cost Overruns	1	5	\$9,331,700 \$25,186,595	\$344,626	3.69%	0	0.00%	\$5,579,703	59.79%	3	60.00%	\$2,729,585	29.25%	2	40.00%	N/A	N/A
Total	316	549	\$2,500,000,000	\$116,197,708	4.65%	93	16.94%	\$963,290,617	38.53%	172	31.33%	\$890,638,282	35.63%	281	51.18%	\$38,521,577	1.54%

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

**With no construction projects in design, a dollar commitment continues to be reported reflecting the continued role of the designer in construction administration until completion of the project.

Construction Manager at Risk preconstruction fee is listed under "Construction" column and will reflect a project count when a Gross Maximum Price contract is executed.