AGENDA

A-1. Approval of the May 26, 2021 Minutes ................................................................. James L. Holmes, Jr.
  a. Joint Meeting of the Committee on Budget and Finance and Committee on Personnel and Tenure
  b. Regular Meeting of the Committee on Budget and Finance

A-2. Revisions to the UNC System Tuition Policy ....................................................... Jennifer Haygood

A-3. Report on Need-Based Aid from Tuition 2021-22 ............................................... Jennifer Haygood

A-4. Capital Improvement Projects ............................................................................ Katherine Lynn

A-5. Acquisition of Property by Deed and Disposition by Demolition – UNC Pembroke .... Katherine Lynn

A-6. Sale of Special Obligation Bonds – Fayetteville State University ....................... Jennifer Haygood

A-7. Sale of Special Obligation Bonds – UNC Greensboro ......................................... Jennifer Haygood

A-8. Sale of Special Obligation Bonds – UNC Wilmington ......................................... Jennifer Haygood


A-10. Other Business .................................................................................................. James L. Holmes, Jr.

A-11. Adjourn
DRAFT MINUTES

May 26, 2021
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

This joint meeting of the Committee on Budget and Finance and the Committee on Personnel and Tenure was presided over by Chairs James L. Holmes, Jr. and Kellie Hunt Blue. The following members of the Committee on Budget and Finance members, constituting a quorum, were also present in person, by video, or phone: W. Marty Kotis, III, and Wendy Floyd Murphy. The following members of the Committee on Personnel and Tenure, constituting a quorum, were also present in person or by video: R. Doyle Parrish, Carolyn Coward, and Art Pope. The following committee members were absent: J. Alex Mitchell and Michael Williford (Committee on Budget and Finance), W. Louis Bissette, Jr., Reginald Ronald Holley, and Dwight D. Stone (Committee on Personnel and Tenure).

Chancellors participating were Sheri Everts, Kevin Guskiewicz, Randy Woodson, and Johnson Akinleye.

Staff members present included Matthew Brody, Jennifer Haygood, Jonathan Pruitt, and others from the UNC System Office.

Co-Chair Holmes called the meeting to order at 10:00 a.m. on Wednesday, May 26, 2021.

1. Briefing on Analysis of UNC System Workforce Trends (Item A-1)

Chief Operating Officer Jonathan Pruitt and Senior Vice President Jennifer Haygood presented an analysis of UNC System Workforce Trends over the last five fiscal years for the System as a whole and constituent institutions categorized by similar missions. At the February 2021 meeting of the Committee on Personnel and Tenure, a briefing was provided on the UNC System’s Job Category (JCAT) structure used by our constituent institutions and the UNC System Office to identify and track positions by specific occupational category and function. The data showed a modest growth of approximately 1.9 percent in overall employee headcount per year. The presentation also described how institutional mission impacts the drivers of employee headcount and results in different workforce trends among institutions.

This item is for information only.

2. Adjourn

There being no further business and without objection, the meeting adjourned at 10:44 a.m.

Michael Williford, Secretary
MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

DRAFT MINUTES

May 26, 2021
Via Videoconference and PBS North Carolina Live Stream
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 James L. Holmes, Jr. The following committee members, constituting a quorum, were present in person, by video or phone: W. Marty Kotis, III, Wendy Floyd Murphy, and Michael Williford. The following committee member was absent: J. Alex Mitchell.

Michael Williford joined at 10:51 a.m.

Chancellors participating were Sheri Everts, Kevin Guskiewicz, and Randy Woodson. Staff members present included Jennifer Haygood, Lindsay McCollum Farling, Katherine Lynn, and others from the UNC System Office.

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

Chair James L. Holmes, Jr. called the meeting to order at 10:47 a.m., on May 26, 2021, and called for a motion to approve the open session minutes of April 21, 2021, for the regular meeting of the Committee on Budget and Finance.

MOTION: Resolved, that the Committee on Budget and Finance approve the open session minutes of April 21, 2021, for the regular meeting of the Committee on Budget and Finance, as distributed.

Motion: Wendy Floyd Murphy
Motion: Carried


Senior Vice President Jennifer Haygood continued the presentation from the May meeting of the 2019-20 UNC System Consolidated Financial Report. She presented the balance sheet trends and the cash position portions of the report. The report showed the UNC System Office was in a strong position but FY20 was not as robust as FY19 due to the pandemic and the lack of a state budget.

Mr. Kotis reminded the committee that in the Fall of 2020 the Board approved continuing to collect students’ fees, which were significant numbers, because it was necessary due to the dire situation. He made a motion to refund the extra fees that were charged in 2020 and 2021 to students and their parents due to the System getting the money back from other sources and the System not being in a dire situation as originally expected. The committee discussed and considered the motion; however, it was not seconded.
This item was for information only.

3. All-Funds Budget Update (A-3)

Chief Operating Officer Jonathan Pruitt and UNC-Chapel Hill’s Vice Chancellor for Finance and Operations Nate Knuffman presented the All-Funds Budget item using UNC-Chapel Hill as an example. The All-Funds Budget would capture all revenue streams (state and non-state funds) to provide a structural foundation for the execution of the UNC System’s strategic plan. The System Office’s working group created a template to be used in developing institution-wide budgets as well as more granular budgets for individual schools, departments, and administrative units within a campus. Mr. Knuffman shared his institution’s experience and lessons learned during UNC-Chapel Hill’s three-year process to adopt a comprehensive campus-wide financial plan. Guidance would be developed on the All-Funds Budget process and communicated to the campuses in the upcoming months. It was expected that the FY 2022-23 All-Funds Budget would be approved and reported to the president and Board in May 2022.

This item was for information only.

4. Report on FY 2020 UNC System Debt Capacity Study (A-4)

The committee considered the Report on FY 2020 UNC System Debt Capacity Study presented by Ms. Haygood in compliance with G. S. 116D-56. The Study found that all 16 institutions maintained or increased their debt capacity over the five-year study period. Seven institutions had increased their debt capacity compared to last year, and all 16 institutions have improved at least one of their primary financial ratios since the FY 2019 Study.

MOTION: Resolved, that the Committee on Budget and Finance approve the Report on FY 2020 UNC System Debt Capacity Study and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Wendy Floyd Murphy
Motion carried

5. Establishment of For-Profit Associated Entity — University of North Carolina at Chapel Hill (Item A-5)

Ms. Haygood presented the establishment of a for-profit associated entity request by the University of North Carolina at Chapel Hill. The funds would provide MBA and BSBA students with hands-on experience in operating a private investment fund. KFBSF Real Estate Funds I, II, and III are fully invested, and KFBST Real Estate Fund IV is almost fully invested. Ms. Caroline O’Neill, former fund manager, spoke highly of the school’s program and endorsed the request to establish a new for-profit associated entity, KFBS Real Estate Fund V, to manage real estate investment funds.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill’s request for the establishment of a for-profit associated entity and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: W. Marty Kotis, III
Motion carried
6. **Capital Improvement Projects — North Carolina State University, University of North Carolina at Asheville and North Carolina School of Science and Mathematics (Item A-6)**

Senior Associate Vice President Katherine Lynn presented four capital improvement projects from three of the UNC System institutions, including three new projects and one request for increased authorization. Additionally, Ms. Lynn shared that North Carolina Central University had one repair and renovation project costing less than $600,000 that would be reported to the Board and Fiscal Research Division in compliance with G.S. 143C-8-13(d).

**MOTION:** Resolved, that the Committee on Budget and Finance approve the four capital improvement projects requests from NC State, UNC Asheville, and NCSSM and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** W. Marty Kotis, III
**Motion carried**

7. **Disposition of Property by Reallocation — North Carolina State University (Item A-7)**

Ms. Lynn presented NC State’s request for disposition of property by reallocation of approximately 11 acres at Hillsborough Street and I-440, and 7.24 acres at the intersection of Hillsborough Street and Blue Ridge Road. The funds from this disposition would revert to NC State by statute and will be used to remedy the impact from the I-440 expansion project. The total estimated value of the disposition was $6.15 million.

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

**Motion:** W. Marty Kotis, III
**Motion carried**

8. **Remarketing of Special Obligation Bonds — University of North Carolina at Chapel Hill (Item A-8)**

Ms. Haygood presented UNC-Chapel Hill’s request for authorization to remarket special obligation bonds for (1) its General Revenue Refunding Bonds, 2019A, and (2) its General Revenue Refunding Bonds, 2019B Bonds prior to their mandatory tender date and the delivery of a related remarketing supplement. The Board previously approved the remarketing or refinancing of the bonds in 2016 and 2019 and the request is a part of the administration of the 2019 Bonds financing.

**MOTION:** Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill’s request for remarketing of special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Wendy Floyd Murphy
**Motion carried**
9. **Sale of Special Obligation Bonds — University of North Carolina at Chapel Hill (Item A-9)**

Ms. Haygood presented UNC-Chapel Hill’s request for authorization to issue special obligation bonds in an aggregate principal amount not to exceed $178.5 million for the purpose of (1) refinancing bonds issued on UNC-Chapel Hill’s behalf in 2009, (2) financing all or a portion of the upgrade costs for the Morehead Chemistry Laboratory HVAC and campus-wide life safety improvements, (3) refunding UNC-Chapel Hill’s outstanding General Revenue Bond, Series 2002A, and (4) paying the costs of issuance with respect to the 2021 Bonds. The refinancing is expected to generate approximately $24 million in net present value savings.

**MOTION:** Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill’s request for sale of special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Wendy Floyd Murphy
**Motion carried**

There being no further business and without objection, the meeting adjourned at 11:58 a.m.

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Michael Williford, Secretary
AGENDA ITEM

A-2. Revisions to the UNC System Tuition Policy

Jennifer Haygood

Situation: Section 1000.1.1 of the UNC Policy Manual, Establishing Tuition and Fees, was last amended in 2007 and is outdated. Modifications to restructure and update the policy are necessary so that it reflects the current practices related to establishing tuition and fee rates and includes other statutory requirements related to tuition and fees.

Background: G.S. 116-11(7) directs the Board of Governors to set tuition and required fees at the institutions, not inconsistent with the actions of the General Assembly. As such, the UNC Policy Manual outlines policies and processes for setting tuition and fee rates. Over time, practices have been modified due to changes in Board priorities, statutory changes, and additional guidance related to establishing tuition and fees. However, the policy has not been regularly updated to adequately reflect these changes.

To allow for efficient review and discussion and to facilitate future changes, it is recommended that the existing policy be updated and reorganized so that tuition, fees, and waivers and refunds are addressed in three separate sections of the policy manual. This item addresses changes to the tuition section only. Changes related to fees and waivers and refunds will be recommended in subsequent meetings.

This item includes an updated tuition policy that will supersede the existing Section 1000.1.1, Establishing Tuition and Fees, and a repeal of Sections 1000.1.2, 1000.1.3, 1000.1.5, and 1000.1.7, which are either obsolete or are addressed in the amended policy.

Assessment: Changes to the UNC Policy Manual are needed to align the tuition policy with the current tuition-setting process. The recommended new policy reflects existing practice and restructures the policy for ease of understanding. There is no expectation that the recommended policy would substantially change the existing process to establish tuition rates.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.
Policy on Tuition Rates

The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense. –North Carolina Constitution, Article IX, Section 9

I. Purpose. The North Carolina Constitution sets the parameters for establishing resident tuition rates at the constituent institutions of the University of North Carolina (UNC). The constitutional provisions for setting tuition are codified in North Carolina General Statutes (hereinafter G.S.) 116-11(7), which states, in part, “The Board [of Governors] shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly.” This statute governed the setting of tuition rates for both resident and nonresident students from 1971 through 1999, during which time the Board of Governors recommended no tuition increases except as required by session law. In November 1998, the Board adopted a tuition policy, as directed by the General Assembly, which allowed for the consideration of tuition increases as requested by the constituent institutions. These funds are subsequently appropriated by the General Assembly for use by the institution. This policy outlines the framework to be followed by the Board in establishing tuition levels for constituent institutions. Tuition is charged to students enrolled in academic programs during regular terms, summer sessions, or through off-campus instruction, and is used to partially defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

II. General Policy

A. Undergraduate Tuition. The appropriate tuition policy at the undergraduate level encourages students to pursue academic and intellectual interests without regard to program costs. Accordingly, no difference in tuition between undergraduate programs will occur within an institution, and there will be only minimal differences in undergraduate tuition among campuses in similar institutional categories as defined by the Board to reflect both varying missions and contrasting costs of education, or at the direction of the General Assembly, such as the NC Promise program. Deviation in undergraduate tuition among campuses in different institutional categories will be based upon institutional offerings and will be reasonable. Combined tuition and fee rates for undergraduate residents shall be in the bottom quartile of each respective institution’s Board-approved public peers.

B. Graduate and Professional Tuition. The Board will apply Article IX, Section 9 of the North Carolina Constitution to graduate- and professional-level students but with the realization that the costs, sources of funds, and purposes of graduate and professional education are materially
different from undergraduate education. The application of what is “practicable” varies by level of instruction for a number of reasons, and those differences will be reflected in the tuition policies associated with each level. Tuition for graduate and professional students will be set with an understanding that tuition revenues may be needed to maintain and increase the excellence of the University’s graduate and professional programs. In setting tuition rates, the Board will consider the need to provide access to these programs for students irrespective of their financial capacity as well as the desire to attract and retain the best students to serve North Carolina’s needs in each field.

C. Nonresident Tuition.

1. Under G.S. 116-144, the Board of Governors is required to set tuition rates for nonresident students at levels “... higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide....” In complying with the statute, the Board will set tuition for nonresident students after considering the results of a review of rates set by comparable public institutions nationwide. Each constituent institution should set a goal to keep its combined undergraduate nonresident tuition and fee rates at or above the third quartile of its respective Board-approved public peers. Nonresident tuition rates should be market driven and cover the full cost of providing a quality education. The Board will further consider the need for tuition remissions for nonresident graduate students when setting tuition rates and tuition remission policies.

2. Constituent institutions are authorized to award tuition remission to certain nonresident graduate students to reduce the tuition rate for these students to the in-state rate. This tuition remission may be given to nonresident graduate students who are awarded a graduate teaching or research assistantship and who are paid a stipend of at least $2,000 per academic year. Individual institutions may also establish higher minimum stipend amounts or additional policies relating to eligibility for tuition remission. The following conditions apply:

   a. Each institution shall limit the granting of tuition remissions to conform with established budgetary limitations.

   b. Each institution may supplement this appropriation from other non-state sources.

   c. Institutions may not provide tuition remissions to all graduate students.

   d. The president shall adopt administrative procedures and regulations for the implementation of the tuition remission.

D. Tuition Rates for Part-time Students. Effective with the fall term of 2021, part-time resident students and part-time nonresident students taking courses within North Carolina are charged the regular-term tuition rates established by the Board and the tuition rates for these students are implemented on a per-credit-hour basis to be calculated as follows:
1. Part-time undergraduate students shall be charged tuition per credit hour, at a rate equal to the annual undergraduate tuition rate at their institution divided by 24. The per-credit rate shall be capped at 12 credits per semester for fall and spring semesters, meaning undergraduate students shall not be charged for additional credits beyond 12 in a fall or spring semester.

2. Part-time graduate students shall be charged tuition per credit hour, at a rate equal to the annual graduate tuition rate divided by 18. The per-credit rate shall be capped at nine credits for fall and spring semesters, meaning graduate students shall not be charged for additional credits beyond nine per semester in a fall or spring semester.

E. Other Tuition Rates

1. The authority to set tuition rates for nonresident students taking courses outside North Carolina and to approve tuition rates for self-supported summer enrollment is delegated to the president. The president may also grant exceptions to the method by which the tuition rate is implemented on a per-credit-hour basis, provided that the relevant course or program is receipt-supported.

2. Student Exchange Programs. The constituent institutions are authorized to enter into and extend or modify agreements with institutions in other countries to provide for a balanced exchange of students. A UNC student participating in such an exchange shall be charged tuition by the home UNC institution at a rate consistent with the residentiary status the student would otherwise have at the home institution and shall be counted in the official FTE of the home institution in that residentiary status. A foreign student participating in such an exchange agreement shall not be charged tuition by the host UNC institution and shall not be counted in the official FTE of the host UNC institution.

III. Process for Setting Tuition Rates

A. Undergraduate Rates. The Board recognizes that campuses may experience circumstances that suggest an across-the-board change in undergraduate tuition may be needed at one or more institutions. In the event that circumstances lead a campus or campuses to the conclusion that a change in undergraduate tuition rates is needed, campuses are permitted to bring proposals for undergraduate tuition changes to the Board for its consideration. Campuses wishing to submit requests for undergraduate tuition changes will conduct a process that includes meaningful participation by and input from students. A student involvement form signed by the student body president, or designee, should be included with any campus-initiated tuition increase request. A campus will consider the following factors when creating an undergraduate tuition proposal:

1. Availability of state general fund revenue to maintain quality and access within the campuses of the University of North Carolina System;

2. Evidence of institutional efforts to manage costs through increases in productivity, budget flexibility, and/or efficiency improvements;

3. Analysis of the impact of tuition and fee charges on student access to the constituent institutions of the University of North Carolina System as measured by the college-going rate and other metrics so as not to limit access to the University;
4. Changes in various price and income indices (e.g., North Carolina per capita personal income, Consumer Price Index, Higher Education Price Index, Median Household Income);

5. The current level of student charges (tuition, fees, room and board) at UNC System institutions and whether campuses have proposed campus or program tuition differentials for the budget period that would be in addition to general increases in tuition;

6. Analysis of student indebtedness levels within the University, viewed in the context of student attrition rates;

7. Availability of financial aid and amount of unmet need. Financial aid should be reviewed in the context of the different missions of the institutions, the diverse capacities of the institutions to provide financial assistance and the contrasting needs of students attending the institutions.

B. Graduate and Professional Tuition Rates. The Board of Governors will permit individual campuses to initiate requests for Board approval of different base or program tuition rates at the graduate and professional level. If a campus explores the possibility of developing such a request, it will present evidence to ensure that students in the affected graduate and/or professional programs have been consulted. Graduate and professional schools should establish rates consistent with each program’s unique market and academic requirements. Tuition for graduate and professional students will be set with an emphasis on maintaining and increasing the excellence of the institution’s graduate and professional programs as well as ensuring access. To the extent possible, there should be full tuition remission for graduate assistants to improve an institution’s competitiveness in recruiting and retaining highly qualified nonresident graduate students.

In reviewing potential criteria to recommend as a basis for deciding when specific graduate or professional tuition differentials may be appropriate at a particular institution, a flexible policy framework that allows judgments to be reached based on a number of factors is preferable either to cost-based formulas or to discipline or program typologies that treat all academic or professional programs the same. In particular, a flexible approach based on the unique factors associated with specific programs is desirable because of the potential mix of graduate and professional programs that one may find within any given school or college, e.g., a professional school may offer a Ph.D. program in addition to one or more professional degree programs. Therefore, the campuses will consider the following factors in developing graduate and professional school tuition proposals:

1. The anticipated impact of a proposed change on program quality;

2. The projected impact of a proposed change in tuition on access for North Carolina residents;

3. The availability of student financial aid for students with economic need and of tuition remission;

4. The extent to which current and prospective students can afford possible increases in tuition;
5. The relationship of projected tuition revenue to institutional and/or program costs;

6. Tuition and fees, net of remissions and waivers, charged by peer institutions or programs, as compared to tuition and fees, net of remissions, at the UNC institution or program (the public subsidy received by students at public institutions or programs in the peer set, including the UNC institution or program in question, will also be identified as part of the comparison);

7. A plan for the intended use of additional tuition receipts (e.g., needed improvements to the educational program, funding for competitive salary increases, financial aid, etc.);

8. Assistantships or grant support for graduate students; and

9. Analysis of student indebtedness levels within the University.

C. Timing of Board Action. The Board will act by March of each year, or as soon as possible thereafter, to establish the University’s campus-initiated tuition rates for the next academic year. Setting campus-initiated tuition rates by March will permit students and their families to know in early spring what their tuition charges for the fall semester will be, assuming consistency between the actions of the Board of Governors and the General Assembly.

D. Individual Consideration of a Campus Request. The Board will review each campus-based tuition request on an individual basis, within the context of the UNC System’s strategic plan, the need for tuition increases, the state’s economic environment, and the financial impact on students. The Board is obligated to exercise its discretion in granting, modifying, or denying a campus request. Revenue generated from a campus-initiated change in tuition rates will be accounted for in the budget of the originating campus and transferred within the institution by the chancellor in accordance with the priorities identified in the approved campus proposal.

E. In the event that circumstances require that an increase in tuition be made outside of the process described above, the president may recommend proposed increases in general tuition rates for consideration by the Board. The president will seek council from the chancellors and a committee of campus representatives, appointed by the president in consultation with the chancellors, before making the recommendations for tuition changes. The committee of campus representatives appointed by the president shall include students.

The president, the chancellors, and the committee of campus representatives will consider a number of factors in deciding whether to recommend changes to general tuition rates in any given year. After the president recommends any action to the Board of Governors, the Board will also consider the factors in sections III.A and III.B., above.

IV. NC Promise Tuition Plan

A. Pursuant to G.S. 116-143.11, beginning with the 2018 fall academic semester, the Board of Governors shall set the rate of in-state undergraduate tuition at Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University at $500 per academic semester, and the tuition rate for nonresident undergraduate students at $2,500 per academic semester. The Board of Governors shall give due consideration to maintaining the unique historical
character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

B. By October 1 of each year, the Board of Governors and the chancellors of the institutions named in this subsection, 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 institution.

2. The number of enrolled resident students at each institution.

3. The number of enrolled nonresident students at each institution.

V. Fixed Tuition

A. Fixed Tuition Program. Pursuant to G.S. 116-143.9, the Board of Governors of the University of North Carolina shall ensure that policies and procedures are established for a fixed tuition program beginning with the fall 2016 academic year and all subsequent years. The rate of tuition of any eligible first year, continuing or transfer undergraduate student who is admitted to any constituent institution of the University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed for a designated time period based on program length and classification. The tuition period shall be eight consecutive academic semesters for a first-time student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a first-time student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions. Transfer students shall receive fixed tuition for a period determined based on the balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution. Current undergraduates shall receive fixed tuition for a period determined based on the balance of their designated program length after making the proper adjustments for semesters already completed. The calculation to determine the balance of a designated program length will be determined by the UNC System Office.

B. Guarantee Rate of Tuition. The fixed tuition program is a guarantee that the rate of tuition approved by the Board of Governors will remain constant or decrease during the tuition period. Students must remain continuously enrolled at the constituent institution during the designated time period to receive this benefit. At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution.

C. Students Subject to Fixed Tuition. Fixed tuition will be for all eligible students deemed to be a North Carolina resident for tuition purposes for the following three categories of degree-seeking undergraduates in four or five-year baccalaureate degree programs.
1. Baccalaureate degree-seeking students entering into an undergraduate four or five-year degree program as a first-time student.

2. New degree-seeking transfer students entering into an undergraduate four or five-year degree program.

3. Currently enrolled resident continuing students who are enrolled in an undergraduate four or five-year degree program.

Any program authorized by the Board of Governors to require 135 semester credit hours or more shall be officially designated as a five-year baccalaureate program. Fixed tuition applies to students enrolled in distance education and traditional on-campus programs.

D. Fixed Tuition Time Period. First-time degree-seeking students are eligible for fixed tuition for a maximum of eight consecutive semesters for a four-year program and 10 consecutive semesters for a five-year program as long as they are continuously enrolled. Continuous enrollment is defined as a student being consecutively enrolled at the same higher education institution in fall and spring semesters in courses creditable toward a baccalaureate degree. A break in continuous enrollment occurs when a student is not enrolled in consecutive semesters at the same constituent institution. Summer terms are not considered part of the fixed tuition time period.

E. Transfer and Currently Enrolled Students. New transfers and currently enrolled continuing students shall receive fixed tuition for a prorated time period calculated based on the number of enrolled semesters accumulated at the transferring or home institution(s).

F. Break in Enrollment. Once a student breaks continuous enrollment at a UNC constituent institution he/she is no longer eligible for the current rate of fixed tuition at the home institution. If the student transfers to another UNC institution they will be treated as a new transfer student, as described above, and will be eligible for fixed tuition at that institution’s current rate for the remaining balance of his or her fixed tuition eligibility period.

G. Withdrawal from Home Institution. Students who withdraw from all classes at their home institution before the date of census, will have broken continuous enrollment and will no longer be eligible for fixed tuition at the current rate at their home institution. Students who withdraw from their home institution after the date of census and then subsequently enroll at the same institution in the next semester will not have broken continuous enrollment and will receive the benefit of fixed tuition at the rate they paid in the prior semester of enrollment.

H. Exhaustion of Eligibility Period. Tuition will convert to the amount of the current tuition for that constituent institution for students who exhaust their eligibility period, are not continuously enrolled, or become ineligible as designated in section I., below. Upon application by a student, the reversion to current tuition may be waived if the student demonstrates that any of the following have substantially disrupted or interrupted their continuous enrollment: (1) a military service obligation, (2) serious medical debilitation, (3) short-term or long-term disability, or (4) other extraordinary hardship.

I. Students Exempt from Fixed Tuition. The fixed tuition shall not be implemented for the following students: continuing education, cooperative innovative high school/early college students
while enrolled in high school, consortium, dual-enrollment program, second degree seeking, transient, nonresident students, non-degree seeking and graduate and professional students.

J. Nonresident Students. Students who are originally classified as nonresident for tuition purposes and subsequently are reclassified as a resident for tuition purposes will be eligible for fixed tuition at the institution’s current rate for the balance of his or her remaining eligibility period.

K. Fixed Tuition for Part-Time Students. Campuses shall establish fixed tuition rates for part-time enrollment for students eligible for fixed tuition pursuant to this policy.

L. Cost of Attendance Calculation. Financial aid offices shall establish cost of attendance budgets that are realistic and reasonable.

VI. Establishing Fees
A. The Board of Governors is responsible for establishing fees at the constituent institutions of the University consistent with the philosophy set forth in the North Carolina constitution. Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits. Consistent with the above citation, the Board will make every effort to keep fees for students as low as possible while providing the revenues needed to support the purposes for which the fees are charged.

Each year, the Board establishes the fees listed below. All fees established shall be based upon the recommendation of the chancellor, the institutional board of trustees, and following his or her review, the president. Excluding the application fee charged to prospective students, all fees set by the Board are annual fees. Once an annual fee has been established, semester rates, summer rates, and part-time rates shall be established by the president. It is the policy of the Board to act no later than February of each year to establish fees for the following fall semester.

B. Although the General Assembly provides for most of the instructional costs of institutions through state appropriations, institutions traditionally rely entirely on student fees to finance a number of activities, services, and facilities. Institutional boards of trustees are required to weight the benefits of the activity, facility or service against the fee required to provide financial support. Orientation sessions for the boards of trustees will regularly include discussions of the process followed when establishing student fees.

1. Application fee. An application fee shall be established for each institution. Specific programs within an institution may require an application fee different from the fee charged for most students and the Board may set different fees according to program needs.

2. General fees. Fees generally applicable to all students shall be established by the Board of Governors. Four general fees are authorized: athletic fees, health services fees, student activity fees, and educational and technology fees.

3. Fees Related to the Retirement of Debt Incurred for Capital Projects. Fees generally applicable to all students that provide revenues for the retirement of debt shall be fixed by the Board of Governors at the time of the borrowing. Indebtedness fees may not include components for operations and maintenance but shall reflect the cost of servicing the debt.
at the coverage levels required in Board resolutions and other documents authorizing the
debt. Changes in fees required subsequent to the issuance of the debt may be approved by
the president upon the request of the chancellor. Indebtedness fees expire when the
related debt is retired.

4. Special fees. Fees applicable only to students engaged in particular activities or
courses of study shall be established by the Board of Governors when needed. These fees
will not be used to provide general academic revenues that will be provided for from
campus-initiated tuition increases.

C. Each chancellor is authorized to establish miscellaneous service charges for such items as
transcripts, diplomas, caps and gowns, special examinations, late registrations, and replacement of
I.D. cards. A schedule of such charges shall be filed with the president prior to the beginning of each
school year.

D. The process for establishing fees shall be as follows:

1. In academic years ending in odd numbers (e.g., June 30, 2003, prior to the short
session of the General Assembly in 2004), the process shall be initiated at the beginning of
the fall semester and contain the following steps.

   a. The vice president for finance shall issue instructions to the campus
      chancellors calling for them to initiate a review of fees.

   b. Each chancellor shall establish a fee review committee with representatives
      of all aspects of campus life, including, but not limited to, representatives from
      Business Affairs, Student Affairs, the Financial Aid Office, and the student body. The
      committee shall conduct a complete review of student fees from a zero-based
      budgeting perspective and shall make recommendations to the chancellor for
      establishing fees effective with the upcoming fall semester. The review will include
      an examination of alternative resources, including available institutional reserves,
      to determine if other funding is available to provide the services in lieu of
      establishing the fee. The review will include a reassessment of the existing
      operating methods to ensure that operations are performed in a cost-effective
      manner. If the committee determines that an increase in a fee is needed, the
      committee shall attempt to decrease another fee so that the total cost of education
      for students does not increase. In order to ensure that all students are able to meet
      the increased cost of education, the university's financial aid officer, working with
      the committee, shall determine that sufficient financial aid is available, from
      whatever sources are possible.

   c. The chancellor shall review the recommendations of the committee and
      present recommendations to the board of trustees for review and approval. Before
      a chancellor makes recommendations to the board of trustees, the
      recommendations of the fee review committee will be shared with student
government leaders so that students may inform the chancellor of their
      perspectives on the proposed changes.

   d. The recommendations of the board of trustees will be forwarded to the
      president for review.
e. When the review is completed, the president will present fee recommendations to the Budget and Finance Committee for consideration by the Board of Governors.

Each step in the process shall be an iterative and comprehensive review of the previous step, resulting in changes to the fee recommendations as deemed appropriate.

2. In academic years ending in even numbers (e.g., June 30, 2004, prior to the long session of the General Assembly in 2005), fee increase proposals submitted by the institutional Board of Trustees to the President may be approved by the President if the increase provides only for the following:

a. Additional revenues equal to the amount required for funding compensation increases for fee-supported employees at a level equivalent to the previous years’ compensation increases authorized by the General Assembly.

b. Additional revenues for nonpersonnel items at a level equivalent to increases in the consumer price index.

If a campus requires other changes in fees in academic years ending in even numbers, the process that shall be followed is identical to that followed in academic years ending in odd numbers.

VII. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption by the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

1 Supersedes Section 1000.1.1 originally entitled, Establishing Tuition and Fees.
2 Consistent with G.S. 116-143, no tuition or fees may be charged to students in the high school program at the North Carolina School of Science and Mathematics (NCSSM).
Policy on Tuition with Respect To Student Exchange Programs with Institutions Abroad

On March 15, 1996, the Board of Governors approved the following recommendation, essentially reconfirming an already existing practice of one-on-one exchanges:

The constituent institutions are hereby authorized to enter into and extend or modify agreements with institutions in other countries to provide for a balanced exchange of students. A UNC student participating in such an exchange shall be charged tuition by the home UNC institution at a rate consistent with the residentiary status the student would otherwise have at the home institution and shall be counted in the official FTE of the home institution in that residentiary status. A foreign student participating in such an exchange agreement shall not be charged tuition by the host UNC institution and shall not be counted in the official FTE of the host UNC institution.
Tuition Rates for Special Talent and Graduate Nonresident Students

WHEREAS, Chapter Seven, Section 701 of The Code of The University of North Carolina provides that “The Board of Governors shall set tuition and required fees at the constituent institutions, not inconsistent with actions of the General Assembly, in such amount or amounts as it may deem best;” and

WHEREAS, N.C.G.S. § 116-143 was amended by the 1981 General Assembly to authorize the Board of Governors to establish especially reduced tuition rates and to give tuition and fee waivers; and

WHEREAS, the 1981 General Assembly also revised N.C.G.S. § 116-143 by eliminating the special rate considerations established by the 1971 General Assembly for certain groups of nonresident students; and

WHEREAS, the 1981 General Assembly continued the requirement in N.C.G.S. § 116-143 that all budgeted funds expended for scholarships of any type, including the granting of tuition and fee waivers and especially reduced rates, must be clearly identified in budget reports; and

WHEREAS, the 1983 General Assembly revised N.C.G.S. § 116-144 to direct the Board of Governors to fix the tuition and required fees charged nonresident students comparable to the rates charged nonresident students by comparable public institutions nationwide, except that a person who serves as a graduate teaching assistant or graduate research assistant or in a similar instructional or research assignment and is at the same time enrolled as a graduate student in the same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by the board, provided the rate is not lower than the North Carolina resident rate; and,

WHEREAS, the 1983 General Assembly specifically provided that the Board of Governors increase tuition so as to raise additional income of at least $10,000,000 for each year in the biennium, thus requiring changes in all tuition rates currently in effect.

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors that, effective with the fall term of 1983, the following groups of nonresident students are identified as eligible for special tuition rates:

Group 1: Undergraduate students deemed by the institution to have special talents and qualifications and who are thereby awarded by the institution a scholarship or fellowship at a rate of at least $250 per academic year. The North Carolina School of the Arts may identify categories within this group in accordance with established institutional practice.

Group 2: Graduate students who are awarded by the institution a graduate teaching or research assistantship and who are paid a stipend at a rate of at least $2,000 per academic year.

AND BE IT FURTHER RESOLVED by the Board of Governors that:

1. Effective with the fall term of 1983, the special tuition rates for the specific groups of nonresident students identified above are established, except as provided in Section 2 below, as follows:
The University of North Carolina
Special Tuition Rates for Nonresident Students

<table>
<thead>
<tr>
<th>Institution</th>
<th>Group 1 Undergraduate</th>
<th>Group 2 Graduate</th>
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</thead>
<tbody>
<tr>
<td>ECSU</td>
<td>$1,550</td>
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<tr>
<td>FSU</td>
<td>1,550</td>
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<tr>
<td>UNC-A</td>
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<td>--</td>
</tr>
<tr>
<td>UNC-P</td>
<td>1,550</td>
<td>--</td>
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<tr>
<td>UNC-W</td>
<td>1,550</td>
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<tr>
<td>WSSU</td>
<td>1,550</td>
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</tr>
<tr>
<td>ECU</td>
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<td>410</td>
</tr>
<tr>
<td>Medicine</td>
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</tr>
<tr>
<td>NCA&amp;TSU</td>
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<td>410</td>
</tr>
<tr>
<td>NCCU</td>
<td>1,772</td>
<td>410</td>
</tr>
<tr>
<td>UNC-C</td>
<td>1,772</td>
<td>410</td>
</tr>
<tr>
<td>WCU</td>
<td>1,772</td>
<td>410</td>
</tr>
<tr>
<td>NCSU</td>
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<td>480</td>
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<tr>
<td>Vet School</td>
<td>--</td>
<td>1,070</td>
</tr>
<tr>
<td>UNC-CH, Academic</td>
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<td>480</td>
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<td>UNC-CH, Health</td>
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<tr>
<td>Graduate</td>
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<td>480</td>
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<td>Pharm D</td>
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<td>1,070</td>
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<tr>
<td>Dentistry</td>
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<tr>
<td>DDS</td>
<td>--</td>
<td>1,070</td>
</tr>
<tr>
<td>Dental Hygiene</td>
<td>1,892</td>
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</tr>
<tr>
<td>Dental Auxiliary</td>
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<td>--</td>
</tr>
<tr>
<td>Dental</td>
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<td>1,070</td>
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<tr>
<td>Graduate</td>
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<tr>
<td>Medicine</td>
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<td></td>
</tr>
<tr>
<td>MD</td>
<td>--</td>
<td>1,070</td>
</tr>
<tr>
<td>Med Tech</td>
<td>1,892</td>
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<tr>
<td>Physical</td>
<td>1,892</td>
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<td>Category C</td>
<td>2,402</td>
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</tr>
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</table>
2. It is understood that, notwithstanding the foregoing provisions of this resolution, each institution shall limit the granting of these special tuition rates as set forth by the Board of Governors to conform with established budgetary limitations. The total tuition remission (defined as the sum of the difference between the regular nonresident rate and the special rate charged under the provisions of this resolution) shall not exceed the amount budgeted for each group at each constituent institution. Separate budgets will be established to record tuition remission for specially talented undergraduate students (Group 1) and for graduate assistants (Group 2).

3. The President shall provide appropriate administrative procedures and regulations for the constituent institutions in accordance with the terms of this resolution.
Tuition Surcharge

Each constituent institution shall impose a fifty percent (50%) tuition surcharge for: (a) each credit hour in excess of 140 credit hours taken by any student in a four-year baccalaureate degree program; and (b) each credit hour in excess of one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program.

Each constituent institution shall, in accordance with regulations adopted by the President, ensure that students receive appropriate notification of the tuition surcharge at new student and transfer orientation sessions, through each semester’s tuition statements, and when approaching the credit hour limit.
Policy for the Tuition Guarantee Program

This policy provides a framework for implementing a fixed tuition program for North Carolina undergraduate residents at UNC constituent institutions as required by North Carolina General Statute § 116-143.9 (S.L. 2016-94, s. 11.4(a)).

I. Fixed Tuition

The Board of Governors of the University of North Carolina shall ensure that policies and procedures are established for a fixed tuition program beginning with the fall 2016 academic year and all subsequent years. The rate of tuition of any eligible first year, continuing or transfer undergraduate student who is admitted to any constituent institution of the University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed for a designated time period based on program length and classification. The tuition period shall be eight consecutive academic semesters for a first-time student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a first time student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions. Transfer students shall receive fixed tuition for a period determined based on the balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution. Current undergraduates shall receive fixed tuition for a period determined based on the balance of their designated program length after making the proper adjustments for semesters already completed. The calculation to determine the balance of a designated program length will be determined by the Office of the UNC president.

The fixed tuition program is a guarantee that the rate of tuition approved by the Board of Governors will remain constant or decrease during the tuition period. Students must remain continuously enrolled at the constituent institution during the designated time period to receive this benefit. At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution and a tuition surcharge may be imposed under G.S. 116-143.7, if applicable.

II. Students Subject to Fixed Tuition

Fixed tuition will be for all eligible students deemed to be a North Carolina resident for tuition purposes for the following three categories of degree-seeking undergraduates in four or five-year baccalaureate degree programs.

A. Baccalaureate degree-seeking students entering into an undergraduate four or five-year degree program as a first-time student.
B. New degree-seeking transfer students entering into an undergraduate four or five-year degree program.
C. Currently enrolled resident continuing students who are enrolled in an undergraduate four or five-year degree program.
Any program authorized by the Board of Governors to require 135 semester credit hours or more shall be officially designated as a five-year baccalaureate program. Fixed tuition applies to students enrolled in distance education and traditional on-campus programs.

III. Fixed Tuition Time Period

First-time degree-seeking students are eligible for fixed tuition for a maximum of eight consecutive semesters for a four-year program and 10 consecutive semesters for a five-year program as long as they are continuously enrolled. Continuous enrollment is defined as a student being consecutively enrolled at the same higher education institution in fall and spring semesters in courses creditable toward a baccalaureate degree. A break in continuous enrollment occurs when a student is not enrolled in consecutive semesters at the same constituent institution. Summer terms are not considered part of the fixed tuition time period.

New transfers and currently enrolled continuing students shall receive fixed tuition for a prorated time period calculated based on the number of enrolled semesters accumulated at the transferring or home institution(s).

Once a student breaks continuous enrollment at a UNC constituent institution he/she is no longer eligible for the current rate of fixed tuition at the home institution. If the student transfers to another UNC institution they will be treated as a new transfer student, as described above, and will be eligible for fixed tuition at that institution’s current rate for the remaining balance of his/her fixed tuition eligibility period.

Students who are originally classified as nonresident for tuition purposes and subsequently are reclassified as a resident for tuition purposes will be eligible for fixed tuition at the institution’s current rate for the balance of his/her remaining eligibility period.

Students, who withdraw from all classes at their home institution before the date of census, will have broken continuous enrollment and will no longer be eligible for fixed tuition at the current rate at their home institution. Students who withdraw from their home institution after the date of census and then subsequently enroll at the same institution in the next semester will not have broken continuous enrollment and will receive the benefit of fixed tuition at the rate they paid in the prior semester of enrollment.

Tuition will convert to the amount of the current tuition for that constituent institution for students who exhaust their eligibility period; are not continuously enrolled; or become ineligible as designated in Section IV., below.

IV. Students Exempt from Fixed Tuition

The fixed tuition shall not be implemented for the following students: continuing education, cooperative innovative high school/early college students while enrolled in high school, consortium, dual-enrollment program, second degree seeking, transient, nonresident students, non-degree seeking and graduate and professional students.

V. Fixed Tuition for Part-Time Students

Campuses shall establish fixed tuition rates for part-time enrollment for students eligible for fixed tuition.

VI. Cost of Attendance Calculation

Financial Aid Offices shall establish cost of attendance budgets that are realistic and reasonable.

Effective Date
Effective beginning with the 2016-17 academic year, all eligible first-time, continuing and transfer students seeking a four- or five-year baccalaureate degree at a constituent institution will be subject to the fixed tuition requirements listed herein.

VII. Waiver

Upon application by a student, the reversion to current tuition may be waived if the student demonstrates that any of the following have substantially disrupted or interrupted their continuous enrollment: (1) a military service obligation, (2) serious medical debilitation, (3) short-term or long-term disability, or (4) other extraordinary hardship.

VIII. Tuition surcharge

After the fixed tuition period has expired tuition surcharge shall be applied according to current regulation 1000.1.5 [R].

Students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than 110 percent of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program shall be subject to a 50 percent tuition surcharge.
AGENDA ITEM

A-3. Report on Need-Based Aid from Tuition...............................................................Jennifer Haygood


Background: In October 2014, the Board of Governors received a report from the Board’s Working Group on Financial Aid and Tuition. The working group’s final report made several recommendations. These include the implementation of a limit on need-based aid funded by tuition to a 15 percent maximum of an institution’s total base tuition revenue, along with a requirement that institutions report annually to the Board’s Committee on Budget and Finance on tuition used for need-based aid.

This item provides a summary of aid funded from tuition set-aside for each institution.

Assessment: All institutions are in compliance with the freeze and cap policy. Four are at or above 15 percent and are frozen and 12 are not frozen. Since implementation, eight have increased the amount of need-based aid from tuition, three have decreased, and five have not changed.

Action: This item is for information only.
## The University of North Carolina

### Budgeted Tuition Revenue Allocated to Need-Based Financial Aid

#### 2016-17 to 2021-22

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<tr>
<th></th>
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<td>14.4%</td>
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<td>$11,919,809</td>
<td>$11,919,809</td>
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<td>19,616,710</td>
<td>19,616,710</td>
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<td>19,616,710</td>
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<td>11.5%</td>
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<td>1,704,690</td>
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<td>7,627,859</td>
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<td>9.5%</td>
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<tr>
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<td>6,192,555</td>
<td>6,192,555</td>
<td>6,192,555</td>
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<td>6,192,555</td>
<td>-</td>
<td>12.2%</td>
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<td>NCSU</td>
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</tr>
<tr>
<td>UNC-CH</td>
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<td>66,151,033</td>
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<td>66,151,033</td>
<td>-</td>
<td>15.3%</td>
<td></td>
</tr>
<tr>
<td>UNCG</td>
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<td>13.9%</td>
<td>11,125,825</td>
<td>11,125,825</td>
<td>11,125,825</td>
<td>11,125,825</td>
<td>11,125,825</td>
<td>-</td>
<td>10.7%</td>
<td></td>
</tr>
<tr>
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<td>2,378,562</td>
<td>2,044,830</td>
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<td>-</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>UNCW</td>
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<td>9,012,300</td>
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<td>-</td>
<td>9.0%</td>
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<tr>
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<td>1,965,158</td>
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<tr>
<td>WCU</td>
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<td>4,458,066</td>
<td>4,458,066</td>
<td>4,758,066</td>
<td>4,858,066</td>
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<td>-</td>
<td>7.6%</td>
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</tr>
<tr>
<td>WSSU</td>
<td>3,247,030</td>
<td>15.9%</td>
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<td>-</td>
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<td>206,689,547</td>
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</table>

Notes:

- % NBA = the percentage of base tuition revenue set aside for need-based aid.
- UNC-CH’s 2014-15 amount has been updated.
- Includes both undergraduate and graduate need-based financial aid.
- The appropriation for the tuition buy down at NC Promise campuses was counted as tuition for the purpose of this report.
- ECU's amounts for FY 2014-15 through FY 2019-20 have been updated to remove a SBTI amount incorrectly included.
AGENDA ITEM

A-4. Capital Improvement Projects – UNC-Chapel Hill and UNC School of the Arts ......................... Katherine Lynn

Situation: The University of North Carolina at Chapel Hill has requested new authorizations for two capital improvement projects and the University of North Carolina School of the Arts has requested increased authorization for one capital improvement project.

Background: The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.

Assessment: The University of North Carolina at Chapel Hill and University of North Carolina School of the Arts are requesting projects that meet the statutory requirements, and it is recommended that the Board of Governors approve the projects and the method 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 – UNC-Chapel Hill, UNC School of the Arts

ISSUE OVERVIEW
UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated 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.

Two UNC System institutions have requested three capital improvement projects: two new projects and one project for increased authorization.

I. NEW PROJECTS

<table>
<thead>
<tr>
<th>Institution/Project Title</th>
<th>Total Project Cost ($)</th>
<th>Previous Authorization ($)</th>
<th>Requested Authorization ($)</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Neurosciences Research Building (NRB) Lab 2124 Equipment Replacement &amp; Modernization</td>
<td>$900,000</td>
<td>$0</td>
<td>$900,000</td>
<td>F&amp;A</td>
</tr>
<tr>
<td>2. CIP 744 - Parking Deck &amp; Lot Camera Upgrades</td>
<td>$3,100,000</td>
<td>$300,000</td>
<td>$2,800,000</td>
<td>Transportation &amp; Parking</td>
</tr>
<tr>
<td><strong>UNC-Chapel Hill Subtotal</strong></td>
<td><strong>$4,000,000</strong></td>
<td><strong>$300,000</strong></td>
<td><strong>$3,700,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$4,000,000</strong></td>
<td><strong>$300,000</strong></td>
<td><strong>$3,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

II. INCREASED AUTHORIZATION

<table>
<thead>
<tr>
<th>Institution/Project Title</th>
<th>Total Project Cost ($)</th>
<th>Previous Authorization ($)</th>
<th>Requested Authorization ($)</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Carolina School of the Arts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Performance Place Renovations</td>
<td>$9,160,000</td>
<td>$8,760,000</td>
<td>$400,000</td>
<td>Carry-forward</td>
</tr>
<tr>
<td><strong>UNC School of the Arts Subtotal</strong></td>
<td><strong>$9,160,000</strong></td>
<td><strong>$8,760,000</strong></td>
<td><strong>$400,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$13,160,000</strong></td>
<td><strong>$9,060,000</strong></td>
<td><strong>$4,100,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 NC 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-5. Acquisition of Property by Deed and Disposition by Demolition –
The University of North Carolina at Pembroke.............................................................. Katherine Lynn

Situation: The Board of Trustees of The University of North Carolina at Pembroke requests authorization to acquire by deed The Lodge at Pembroke and to demolish the fire-damaged structure. The Lodge at Pembroke consists of eight contiguous parcels totaling approximately 12.18 acres and located on the southeast corner of University Road and Ernest Lowry Drive. The properties are adjacent to the campus.

Background: The UNC Pembroke Board of Trustees has approved the purchase of The Lodge at Pembroke and the demolition of the fire-damaged structure to support the campus master plan.

Assessment: The acquisition of the properties and the demolition of the existing structure are required to support future campus expansion.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda, and approval by the Council of State.
Acquisition of Property by Deed and Disposition by Demolition –
The University of North Carolina at Pembroke

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 Pembroke has requested authorization to purchase The Lodge at Pembroke, which is comprised of eight properties totaling approximately 12.18 acres and located on the southeast corner of University Road and Ernest Lowry Drive. The Board also requests permission to demolish the existing fire-damaged single-family residence. There are no other significant or contributing improvements. The properties are contiguous to the campus and will support future campus expansion.

The total appraised value of the eight parcels is $1,280,000. The negotiated purchase price is $825,000. The properties will be purchased with $550,000 from F&A funds and $275,000 from other trust funds.

RECOMMENDATION
It is recommended that the Board of Governors approve this request. This item also requires approval by the Council of State.
STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

*ACQUISITION OF REAL PROPERTY

Institution or Agency: UNC Pembroke Date: 07/08/2021

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by purchase, lease, rental, or other (specify). Purchase

This Property is needed for the following reasons and purposes: (Attach additional pages if needed.)

Property is contiguous to the campus and will support future campus development.

Name and Address of Present Owner: The Lodge at Pembroke, LLC
540 Edinburgh Circle
Danville, CA 94526-2903

Description of Property: (Attach additional pages if needed.)

Land on the east side of University Rd. North of Hawk Dr, and south of Ernest Lowry Dr. Eight separate, yet contiguous lots identified by Map# 140403032; 14040302902; 14040301101; 14040303201; 140403012; 140403011; 140403030; and 140403013

Estimated value: $825,000 Rental price (if applicable):

Funds for the acquisition of this property are available in our budget under Code(s), Item(s), Other: Non-General Funds

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.

No

(Complete if Agency has a Governing Board.)
Action recommending the above request was taken by the Governing Board of the University of North Carolina at Pembroke and is recorded in the minutes thereof on July 8, 2021 (date).

Signature: [Signature]
Title: Chancellor

*The term “real property” includes timber rights, mineral rights, etc. (GS §146-64)
STATE OF NORTH CAROLINA DEPARTMENT OF ADMINISTRATION
DISPOSITION OF REAL PROPERTY

Institution or Agency: University of North Carolina @ Pembroke Date: 07/08/21

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by purchase, lease, rental, or other (specify). Raze

This disposition is recommended for the following reasons:

Property is fire damaged and poses a hazard.

Description of Property: (Attach additional pages if needed.)

Single-family residence with fire damage. This structure is a part of property we are purchasing.

Estimated value: No contributory value per appraisal.

Where deed is filed, if known

If deed is in the name of agency other than applicant, state the name:

Rental income, if applicable, and suggested terms:

Not Applicable

Funds from the disposal of this property are recommended for the following use:

Not applicable

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of the University of North Carolina at Pembroke and is recorded in the minutes thereof on July 8, 2021.

Signature: 
Title: Chancellor
The Lodge at Pembroke’s Property
AGENDA ITEM

A-6.  Sale of Special Obligation Bonds – Fayetteville State University .........................Jennifer Haygood

Situation: Fayetteville State University (FSU) requests that the Board of Governors issue special obligation bonds in a principal amount not to exceed $21 million (the “2023 Bonds”) for the purpose of (1) refunding the callable maturities of FSU’s General Revenue Bonds, Series 2013A (the “2013A Bonds”), and (2) paying costs of issuance with respect to the 2023 Bonds.

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board and the General Assembly and have been approved for financing. This request is to refinance for savings those previously issued bonds.

Assessment: Due to the favorable interest rate environment, FSU has the opportunity to refinance the 2013A Bonds for debt service savings. FSU estimates that it can achieve approximately $3.8 million in net present value savings by refunding the 2013A Bonds, or approximately 19 percent of the par amount refunded, which is based on a cost of funds of approximately 3.2 percent.

FSU currently has a credit rating on its general revenue bonds of “A” with a stable outlook by Fitch Ratings and an issuer credit rating of “BBB+” with a stable outlook from S&P Global. FSU is currently not rated by Moody’s Investors Service. This transaction is expected to have no impact on FSU’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.
Sale of Special Obligation Bonds – Fayetteville State University

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 a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

Fayetteville State University (“FSU”) requests that the Board issue special obligation bonds in an amount not to exceed $21 million (the “2023 Bonds”) for the purpose of refunding the callable maturities of FSU’s General Revenue Bonds, Series 2013A (the “2013A Bonds”). FSU estimates that it can achieve approximately $3.8 million in net present value savings by refunding the 2013A Bonds, or approximately 19 percent of the par amount refunded, which is based on a cost of funds of approximately 3.2 percent.

The 2023 Bonds will be issued on a tax-exempt basis and privately placed with an investor by J.P. Morgan Securities LLC, which was selected through a competitive request for proposal (RFP) process. The 2023 Bonds will be delivered for settlement on or before April 1, 2023, the call date for the 2013A Bonds, under the terms of a forward delivery bond purchase agreement, which will eliminate interest rate risk between now and the call date.

FSU currently has a credit rating on its general revenue bonds of “A” with a stable outlook by Fitch Ratings and an issuer credit rating of “BBB+” with a stable outlook from S&P Global. FSU is currently not rated by Moody’s Investors Service. This transaction is expected to have no impact on FSU’s credit rating.

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

RECOMMENDATION
It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.
WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System;

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

WHEREAS, Fayetteville State University (“FSU”) and its financial advisor have advised the Board that it may be able to achieve debt service savings by refunding a portion of the Fayetteville State University General Revenue Bonds, Series 2013A (the “2013A Bonds”) previously issued by the Board on behalf of FSU, the proceeds of which were loaned to FSU to (1) finance the renovation and expansion of the Rudolph Jones Student Center on the FSU campus and (2) refund a portion of The University of North Carolina System Pool Revenue Bonds, Series 2002B;

WHEREAS, if debt service savings can be achieved, the Board has determined to issue Fayetteville State University General Revenue Refunding Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed $21,000,000 to refund all or a portion of the 2013A Bonds maturing on and after April 1, 2024 (the “Refunded 2013A Bonds”) and to pay the costs of issuing the Bonds;

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of August 1, 2013 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., (the “Trustee”), and a Series Indenture, Number 3 (the “Series Indenture”) between the Board and the Trustee;

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of FSU, or of the Board held for FSU, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by FSU students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);

WHEREAS, FSU has engaged J.P. Morgan Securities LLC (the “Placement Agent”) to serve as the placement agent for the Bonds and arrange for the placement of the Bonds with a financial institution identified by the Placement Agent (the “Purchaser”);
**WHEREAS**, the Purchaser will purchase the Bonds on a forward delivery basis pursuant to the terms of a forward delivery bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser;

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

1. the General Indenture;
2. the Series Indenture;
3. the Purchase Agreement;
4. an Escrow Agreement between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent, related to the refunding of the Refunded 2013A Bonds;
5. a Preliminary Private Placement Memorandum (the “Preliminary Private Placement Memorandum”) relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Private Placement Memorandum (the “Private Placement Memorandum”) relating to the Bonds; and
6. the Bonds in the form set forth in the Series Indenture;

**WHEREAS**, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

**NOW, THEREFORE, BE IT RESOLVED** by the Board as follows:

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed $21,000,000 under the General Indenture and the Series Indenture to pay the costs of refunding the Refunded 2013A Bonds and costs incurred in connection with the issuance of the Bonds. The Bonds may be issued in one or more series of bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at FSU, determine to be in FSU’s best interest to achieve debt service savings on the Refunded 2013A Bonds.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at FSU to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board ratifies the selection of the Placement Agent and the Purchaser for the Bonds and authorizes the SVP-Finance and the Vice Chancellor for Business and Finance of FSU to select any other professionals necessary to undertake the financing as contemplated in this Resolution.
Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the “Authorized Officers”), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 5. **Authorization of Purchase Agreement.** That the Chairman of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Private Placement Memorandum and Private Placement Memorandum.** That the form, terms and content of the Preliminary Private Placement Memorandum be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Private Placement Memorandum by the Placement Agent in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the Private Placement Memorandum for and on behalf of the Board in substantially the form and content of the Preliminary Private Placement Memorandum presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the Purchase Agreement to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein. If the President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, determine that the inclusion of additional updated information is necessary for use in the offering and settlement of the Bonds, the President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, are in all respects authorized, empowered and directed to update the Private Placement Memorandum (the “Updated Private Placement Memorandum”) and to execute and deliver the Updated Private Placement Memorandum, but with such changes, modifications, additions or deletions to the Private Placement Memorandum as they determine necessary, desirable or appropriate, the delivery thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein. The use of the Preliminary Private Placement Memorandum, the Private Placement Memorandum and the Updated Private Placement Memorandum by the Placement Agent in connection with the sale of the Bonds to the Purchaser is hereby authorized, approved and confirmed.
Section 7. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business and Finance at FSU, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of FSU.

Section 8. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

*Passed, adopted, and approved* this 22nd day of July, 2021.
I, Meredith McCullen, 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 22, 2021, 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 22, 2021 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 22, 2021, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of July, 2021

[SEAL]

Meredith McCullen, Secretary of the University of North Carolina System
AGENDA ITEM

A-7. Sale of Special Obligation Bonds – UNC Greensboro

Jennifer Haygood

Situation:
The University of North Carolina at Greensboro (UNC Greensboro) requests that the Board of Governors (the “Board”) enter into a forward delivery agreement (the “Agreement”) with Morgan Stanley & Co. LLC (“Morgan Stanley”) under which the Board would commit to issuing special obligation bonds in 2024 (the “2024 Bonds”) in an amount not to exceed $92.385 million at Morgan Stanley’s option, to be purchased by Morgan Stanley to refund UNC Greensboro’s General Revenue Bonds, Series 2014 (the “2014 Bonds”) maturing on and after April 1, 2025 (the “Refunded Bonds”).

Upon execution of the Agreement, Morgan Stanley would pay UNC Greensboro approximately $11 million, an amount equal to the expected net present value debt service savings of the Refunded Bonds. UNC Greensboro understands and acknowledges that if a termination event does occur pursuant to the Agreement, the university will be responsible for funding and has plans to fund and mitigate such event.

UNC Greensboro has indicated that it will use the proceeds from entering into the Agreement (1) in the amount of $10,330,306, plus up to 5 percent of such amount to pay issuance expenses and related costs, to fund The Arts Place at Tate and Gate (the “Special Obligation Bond Project”) authorized by S.L. 2021-74 of the 2021 Session Laws of the North Carolina General Assembly (the “2021 Session Law”) plus any additional amount subsequently approved by the Board and authorized by the Director of the Budget to be used to fund the Special Obligation Project and (2) any remaining amount of the proceeds either to defease the 2014 Bonds maturing before April 1, 2025, or to downsize the 2024 Bonds. Any capital increases over $10,330,306 of The Arts Place at Tate and Gate project must be approved by the Board and such increases shall not be paid from state appropriations, repair and renovation funds, or student debt service fees.

Background:
The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board and the General Assembly and have been approved for financing. This request is to refinance for savings those previously issued bonds.

Assessment:
Due to the favorable interest rate environment, UNC Greensboro could realize upfront savings today of approximately $11 million, or approximately
11.9 percent of the par amount of the Refunded Bonds from the forward delivery refunding.

UNC Greensboro currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service and an issuer credit rating of “A+” with a stable outlook from S&P Global. This transaction is expected to have no impact on UNC Greensboro’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.
Sale of Special Obligation Bonds – The University of North Carolina at Greensboro

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

The University of North Carolina at Greensboro (UNC Greensboro) requests that the Board of Governors (the “Board”) enter into a forward delivery agreement (the “Agreement”) with Morgan Stanley & Co. LLC (“Morgan Stanley”) under which the Board would commit to issuing special obligation bonds in 2024 (the “2024 Bonds”) in an amount not to exceed $92.385 million, at Morgan Stanley’s option, to be purchased by Morgan Stanley to refund UNC Greensboro’s General Revenue Bonds, Series 2014 (the “2014 Bonds”) maturing on and after April 1, 2025 (the “Refunded Bonds”).

Upon execution of the Agreement, Morgan Stanley would pay UNC Greensboro an amount equal to the expected net present value savings of the refunding (approximately $11 million or approximately 11.9 percent of the par amount of the Refunded Bonds). UNC Greensboro has indicated that it will use the proceeds from entering into the Agreement (1) in the amount of $10,330,306, plus up to 5 percent of such amount to pay issuance expenses and related costs, to fund The Arts Place at Tate and Gate (the “Special Obligation Bond Project”) authorized by S.L. 2021-74 of the 2021 Session Laws of the North Carolina General Assembly (the “2021 Session Law”) plus any additional amount subsequently approved by the Board and authorized by the Director of the Budget to be used to fund the Special Obligation Project and (2) any remaining amount of the proceeds either to defease such amount of the 2014 Bonds maturing before April 1, 2025 or to downsize the 2024 Bonds. Any capital increases over $10,330,306 of The Arts Place at Tate and Gate project must be approved by the Board and such increases shall not be paid from state appropriations, repair and renovation funds, or debt service fees. UNC Greensboro would not be allowed to request a new debt service fee or to repurpose existing debt service fee revenues to pay for or increase the project budget.

UNC Greensboro understands and acknowledges that if a termination event occurs pursuant to the Agreement, the university will fund and mitigate such event. In the event of a Termination Funding Event, UNC Greensboro will finance the required Make Whole Payment to be paid to Morgan Stanley with funds from non-state funds and would not request additional funding from the Board of Governors and General Assembly to finance such payment.

The 2024 Bonds, if issued, would be issued on a tax-exempt basis with the same coupons as the Refunded Bonds and purchased by Morgan Stanley at a price such that their issuance would not result in any debt service savings over their remaining term.

UNC Greensboro currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service and an issuer credit rating of “A+” with a stable outlook from S&P Global. This transaction is expected to have no impact on UNC Greensboro’s credit rating.

Parker Poe Adams & Bernstein LLP is bond counsel and First Tryon is the financial advisor.
RECOMMENDATION
It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.
WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System; and

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

WHEREAS, the Board has previously issued its The University of North Carolina at Greensboro General Revenue Bonds, Series 2014 (the “2014 Bonds”) to finance the acquisition of residence halls known as Spartan Village and the construction and equipping of a new student recreation center;

WHEREAS, The University of North Carolina at Greensboro (“UNC Greensboro”) and its financial advisor have advised the Board that it has received a proposal from Morgan Stanley & Co. LLC (“Morgan Stanley”) to enter into a forward delivery bond purchase agreement between the Board and Morgan Stanley (the “Forward Delivery Agreement”) under which the Board would commit to issuing bonds in 2024, at Morgan Stanley’s option, to be purchased by Morgan Stanley to refund all or a portion of the 2014 Bonds maturing on and after April 1, 2025 (the “Refunded Bonds”);

WHEREAS, the bonds to be issued in 2024 would have the same coupons as the Refunded Bonds and will be purchased by Morgan Stanley at a price such that their issuance would not result in any debt service savings over the remaining term, and the expected savings generated from this refunding would be paid by Morgan Stanley to UNC Greensboro in the amount of the expected net present value of such savings at the time the Forward Delivery Agreement is executed;

WHEREAS, UNC Greensboro has indicated that it will use the proceeds from entering into the Forward Delivery Agreement (1) in the amount of $10,330,306, plus up to 5 percent of such amount to pay issuance expenses and related costs, to fund The Arts Place at Tate and Gate (the “Special Obligation Bond Project”) authorized by S.L. 2021-74 of the 2021 Session Laws of the North Carolina General Assembly (the “2021 Session Law”) plus any additional amount subsequently approved by the Board and authorized by the Director of the Budget to be used to fund the Special Obligation Project and (2) any additional amount to either defease such amount of The University of North Carolina at Greensboro General Revenue Bonds, Series 2014 maturing before April 1, 2025 or to downsize the refunding of the Refunded Bonds;

WHEREAS, the Board has determined to authorize the issuance of The University of North Carolina at Greensboro General Revenue Refunding Bonds (the “Bonds”) in an aggregate principal amount not to exceed $92,385,000 for the combined purposes of refunding and defeasance of all or a portion of the 2014 Bonds as described herein and, by virtue of using the payment under the Forward Delivery
Agreement representing value of the savings produced by the refunding, to fund the Special Obligation Bond Project; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of June 1, 2001 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a series indenture (the “Series Indenture”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Greensboro, or of the Board held for UNC Greensboro, in each Fiscal Year, including Unrestricted Fund Balances shown as such on the UNC Greensboro financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Greensboro students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof and (4) revenues generated by Special Facilities (the “Available Funds”);

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

1. the General Indenture;
2. the Series Indenture;
3. the Forward Delivery Agreement;
4. the Bonds in the form set forth in the Series Indenture; and
5. the Escrow Agreement between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent, as may be necessary for the defeasance and refunding of the 2014 Bonds as described above; and

WHEREAS, the issuance of the Bonds does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State of North Carolina to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

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

Section 1. Authorization of Bonds. That the Board hereby authorizes the execution and delivery of the Forward Delivery Agreement, the receipt of the upfront payment by UNC Greensboro per the Forward Delivery Agreement and the use of such funds (1) in the amount of $10,330,306, plus up to 5 percent of such amount to pay issuance expenses and related costs, plus any additional amount subsequently approved by the Board and authorized by the Director of the Budget to be used to fund the Special Obligation Project, to fund the Special Obligation Bond Project and (2) any additional amount to either defease such amount of The University of North Carolina at Greensboro General Revenue Bonds, Series 2014 maturing before April 1, 2025 or to downsize the refunding of the Refunded Bonds. Any additional approvals related to the amount to be spent on the Special Obligation Bond Project must be complete before the 2024 Bonds are issued.
The Board hereby authorizes the issuance of the Bonds under the terms as agreed to in the Forward Delivery Agreement in an aggregate principal amount not to exceed $92,385,000 under the General Indenture and the Series Indenture to pay the costs of refunding the Refunded Bonds. The Bonds may otherwise be issued in the manner that as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at UNC Greensboro, determine to be in the best interest of UNC Greensboro to fulfill its obligations under the Forward Delivery Agreement.

If an event occurs that is described in the Forward Delivery Agreement under which Morgan Stanley is authorized to terminate the Forward Delivery Agreement and a payment is owed by the Board to Morgan Stanley as a result of such termination, the Board authorizes and directs UNC Greensboro to make such payment on behalf of the Board from Available Funds or any other legally available funds.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds, to make any payments that may be due under the Forward Delivery Agreement and to provide for the maintenance and operation of the facilities at UNC Greensboro to the extent required under the General Indenture.

Section 3. **Selection of Financing Team Members.** That the Board authorizes the SVP-Finance and the Vice Chancellor for Business Affairs of UNC Greensboro to select any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or any successor to such functions, individually and collectively (the “Authorized Officers”), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 5. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and ongoing administration of the Forward Delivery Agreement and the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business Affairs at UNC Greensboro, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the
issuance and on-going administration of the Forward Delivery Agreement and the Bonds on behalf of UNC Greensboro.

Section 6. **Official Declaration of Intent to Reimburse.** If an event occurs that is described in the Forward Delivery Agreement under which Morgan Stanley is authorized to terminate the Forward Delivery Agreement and a payment is owed by the Board to Morgan Stanley as a result of such termination, the Board may authorize the issuance of bonds to reimburse UNC Greensboro for the amount spent to fund the Special Obligation Bond Project. In such event, UNC Greensboro expects to proceed with the Special Obligation Bond Project and to incur and pay certain expenditures in connection with the Special Obligation Bond Project prior to the date of issuance of the bonds (the “Original Expenditures”), such Original Expenditures to be paid for originally from a source other than the proceeds of the bonds, and the Board intends UNC Greensboro to be reimbursed for such Original Expenditures from a portion of the proceeds of the bonds to be issued at a date occurring after the dates of such Original Expenditures. If such bonds were to be issued, the Board presently intends, and reasonably expects, UNC Greensboro to be reimbursed for the Original Expenditures incurred and paid by UNC Greensboro on or after the date occurring 60 days prior to the date of adoption of this Resolution from a portion of the proceeds of the bonds. The Board reasonably expects that it would issue the bonds to finance the Special Obligation Bond Project and the maximum principal amount of bonds expected to be issued to pay for the Special Obligation Bond Project is $10,330,306. This Resolution is a declaration of official intent of the Board under Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Internal Revenue Code of 1986, as amended, to evidence the Board’s intent to cause UNC Greensboro to be reimbursed for the Original Expenditures from proceeds of the bonds. The Vice Chancellor for Business Affairs of UNC Greensboro or his designee, with advice from bond counsel, is hereby authorized, directed and designated to act on behalf of UNC Greensboro in determining and itemizing all of the Original Expenditures incurred and paid by UNC Greensboro in connection with the Special Obligation Bond Project.

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

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

*PASSED, ADOPTED, AND APPROVED* this 22nd day of July, 2021.
STATE OF NORTH CAROLINA
COUNTY OF ORANGE

I, Meredith McCullen, 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 22, 2021, 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 22, 2021 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 22, 2021, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of July, 2021

[SEAL]

Meredith McCullen, Secretary of the University of North Carolina System
AGENDA ITEM

A-8. Sale of Special Obligation Bonds – UNC Wilmington

Situation: The University of North Carolina Wilmington ("UNCW") requests that the Board of Governors issue special obligation bonds (the “2021 Bonds”) in an aggregate principal amount not to exceed $9.75 million, plus an additional amount not to exceed 5 percent of such principal amount, to finance the construction of the Walton Drive Student Village – Recreational Fields and Facilities on UNCW’s campus (the “Project”) and pay costs incurred in connection with the issuance of the 2021 Bonds.

Background: The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. The General Assembly authorized the Project under S.L. 2021-74. The expected cost of funds of the 2021 Bonds is approximately 3.75 percent. The project will be funded from a portion of the existing student debt service fee, which was used to retire debt and will be redirected to the proposed project.

Assessment: UNCW currently has an issuer credit rating of “Aa3” with a stable outlook from Moody’s Investors Service. This transaction is not expected to have any impact on UNCW’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board through the consent agenda.
Sale of Special Obligation Bonds – University of North Carolina Wilmington

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 a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

The University of North Carolina Wilmington (“UNCW”) requests that the Board issue special obligation bonds (the “2021 Bonds”) in an amount not to exceed $9.75 million, plus an additional amount not to exceed 5 percent of such principal amount, to finance the construction of the Walton Drive Student Village – Recreational Fields and Facilities (the “Project”) on UNCW’s campus and pay costs incurred in connection with the issuance of the 2021 Bonds. The General Assembly authorized the Project under S.L. 2021-74. The expected cost of funds of the 2021 Bonds is approximately 3.75 percent. The project will be funded from a portion of the existing student debt service fee, which was used to retire debt and will be redirected to the proposed project.

The 2021 Bonds will be issued on a tax-exempt basis and sold in the public market on a negotiated basis by PNC Capital Markets, LLC, which was selected through a competitive RFP process.

UNCW currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investors Service. This transaction is expected to have no impact on UNCW’s credit rating.

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

RECOMMENDATION
It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.
RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO FINANCE SPECIAL OBLIGATION BOND PROJECTS FOR UNIVERSITY OF NORTH CAROLINA WILMINGTON AND DECLARING ITS INTENT FOR UNIVERSITY OF NORTH CAROLINA WILMINGTON TO REIMBURSE FROM PROCEEDS OF BONDS

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System;

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

WHEREAS, the University of North Carolina Wilmington ("UNC Wilmington") has requested the Board to issue special obligation bonds, the proceeds of which are to be used by UNC Wilmington for the construction of the Walton Drive Student Village – Recreational Fields and Facilities on UNC Wilmington’s campus as authorized by S.L. 2021-74 of the 2021 Session Laws of the North Carolina General Assembly (the "Special Obligation Bond Project");

WHEREAS, the Board has determined to issue University of North Carolina Wilmington General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed $9,750,000 to pay a portion of the costs of the Special Obligation Bond Project; and not to exceed an additional 5 percent of such principal amount to pay the costs incurred in connection with the issuance of the Bonds;

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of May 1, 2002 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a Series Indenture (the “Series Indenture”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any funds of UNC Wilmington or the Board in each Fiscal Year remaining after satisfying obligations of UNC Wilmington or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to UNC Wilmington as of the date of the General Indenture, but excluding (1) appropriations by the General Assembly of the State of North Carolina (the “State”) from the State General Fund, (2) tuition payments by UNC Wilmington students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);
WHEREAS, PNC Capital Markets LLC (the “Underwriter”) will agree to purchase all of the Bonds pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Underwriter;

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

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

WHEREAS, UNC Wilmington expects to proceed with the Special Obligation Bond Project and to incur and pay certain expenditures in connection with the Special Obligation Bond Project prior to the date of issuance of the Bonds (the “Original Expenditures”), such Original Expenditures to be paid for originally from a source other than the proceeds of the Bonds, and the Board intends UNC Wilmington to be reimbursed for such Original Expenditures from a portion of the proceeds of the Bonds to be issued at a date occurring after the dates of such Original Expenditures;

WHEREAS, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

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

Section 1. Authorization of Bonds. That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed $9,750,000 under the General Indenture and the Series Indenture to finance the Special Obligation Bond Project, plus not to exceed an additional 5 percent of such principal amount to pay the costs incurred in connection with the issuance of the Bonds. The Bonds may be issued in one or more series of bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at UNC Wilmington, determine to be in UNC Wilmington’s best interest.

Section 2. Sufficiency of Available Funds. That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at UNC Wilmington to the extent required under the General Indenture.

Section 3. Selection of Underwriters and other Financing Team Members. That the Board authorizes the SVP-Finance and the Vice Chancellor for Business Affairs of UNC Wilmington to select co-
managing underwriters for the Bonds, if necessary or desirable, and any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the “Authorized Officers”), be and they hereby are each authorized, empowered and directed to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Board Documents, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Board Documents as executed.

Section 5. **Authorization of Purchase Agreement.** That the Chairman of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** That the form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement by the Underwriter in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the Purchase Agreement to constitute conclusive evidence of the Board’s approval of any and all such changes, modifications, additions or deletions therein, and the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the sale of the Bonds to investors is hereby authorized, approved and confirmed.

Section 7. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and ongoing administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business
Affairs at UNC Wilmington, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of UNC Wilmington.

Section 8. **Official Declaration of Intent to Reimburse.** The Board presently intends, and reasonably expects, UNC Wilmington to be reimbursed for the Original Expenditures incurred and paid by UNC Wilmington on or after the date occurring 60 days prior to the date of adoption of this Resolution from a portion of the proceeds of the Bonds. The Board reasonably expects that it will issue the Bonds to finance the Special Obligation Bond Project and the maximum principal amount of Bonds expected to be issued to pay for the Special Obligation Bond Project is $9,750,000. This Resolution is a declaration of official intent of the Board under Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Internal Revenue Code of 1986, as amended, to evidence the Board’s intent to cause UNC Wilmington to be reimbursed for the Original Expenditures from proceeds of the Bonds. The Vice Chancellor for Business Affairs of UNC Wilmington or his designee, with advice from bond counsel, is hereby authorized, directed and designated to act on behalf of UNC Wilmington in determining and itemizing all of the Original Expenditures incurred and paid by UNC Wilmington in connection with the Special Obligation Bond Project.

Section 9. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 10. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 22nd day of July, 2021.
STATE OF NORTH CAROLINA
COUNTY OF ORANGE

I, Meredith McCullen, 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 22, 2021, 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 22, 2021 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 22, 2021, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of July, 2021

[SEAL]

Meredith McCullen, Secretary of the University of North Carolina System
AGENDA ITEM


Situation: Winston-Salem State University (WSSU) requests that the Board of Governors issue special obligation bonds in a principal amount not to exceed $27 million (the “2022 Bonds”) for the purpose of (1) refunding the callable maturities of WSSU’s General Revenue Bonds, Series 2013 (the “2013 Bonds”), and (2) paying costs of issuance with respect to the 2022 Bonds.

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board and the General Assembly and have been approved for financing. This request is to refinance for savings those previously issued bonds.

Assessment: Due to the favorable interest rate environment, WSSU has the opportunity to refinance the 2013 Bonds for debt service savings. WSSU estimates that it can achieve approximately $6 million in net present value savings by refunding the 2013 Bonds, or approximately 24 percent of the par amount refunded, which is based on a cost of funds of approximately 2.5 percent.

WSSU currently has an issuer credit rating of “A3” with a stable outlook by Moody’s Investors Service and an issuer credit rating of “BBB+” with a negative outlook from S&P Global. This transaction is expected to have no impact on WSSU’s credit rating.

Action: This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.
Sale of Special Obligation Bonds – Winston-Salem State University

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 a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves.

Winston-Salem State University (“WSSU”) requests that the Board issue special obligation bonds in an amount not to exceed $27 million (the “2022 Bonds”) for the purpose of refunding the callable maturities of WSSU’s General Revenue Bonds, Series 2013 (the “2013 Bonds”). WSSU estimates that it can achieve approximately $6 million in net present value savings by refunding the 2013 Bonds, or approximately 24 percent of the par amount refunded, which is based on a cost of funds of approximately 2.5 percent.

The 2022 Bonds will be issued on a tax-exempt basis and sold in the public market on a negotiated basis by PNC Capital Markets, which was selected through a competitive RFP process. The 2022 Bonds will be delivered for settlement on or before April 1, 2022, the call date for the 2013 Bonds, under the terms of a forward delivery bond purchase agreement, which will eliminate interest rate risk between now and the call date.

WSSU currently has an issuer credit rating of “A3” with a stable outlook by Moody’s Investors Service and an issuer credit rating of “BBB+” with a negative outlook from S&P Global. This transaction is expected to have no impact on WSSU’s credit rating.

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

RECOMMENDATION

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.
RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS FOR WINSTON-SALEM STATE UNIVERSITY

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System; and

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

WHEREAS, Winston-Salem State University ("WSSU") has requested the Board to issue special obligation bonds, the proceeds of which are to be used to refund the Winston-Salem State University General Revenue Bonds, Series 2013 (the “2013 Bonds”), the proceeds of which were used to finance and refinance projects for WSSU, in order to achieve debt service savings;

WHEREAS, the Board has determined to issue Winston-Salem State University General Revenue Refunding Bonds (with appropriate descriptions and series designations) (the “Bonds”) in an aggregate principal amount not to exceed $27,000,000 to refund all or a portion of the 2013 Bonds maturing on and after April 1, 2023 and to pay issuance expenses related to the Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of July 1, 2013 (the “General Indenture”) between the Board and U.S. Bank National Association, as trustee (the “Trustee”), and a Series Indenture, Number 3 (the “Series Indentures”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any legally available funds of WSSU, or of the Board held for WSSU, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State of North Carolina from the State General Fund, (2) tuition payments by WSSU students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);

WHEREAS, PNC Capital Markets LLC (the “Underwriter”) will agree to purchase all of the Bonds on a forward-delivery basis pursuant to the terms of a forward delivery bond purchase agreement (the “Bond Purchase Agreement”) between the Board and the Underwriter; and

WHEREAS, there have been made available to the Board forms of the following documents (the “Board Documents”), which the Board proposes to approve, ratify, execute and deliver, as applicable, to effectuate the financing:
WHEREAS, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

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

Section 1. Authorization of Bonds. The Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed $27,000,000 under the General Indenture and the Series Indenture to (a) refund all or a portion of the 2013 Bonds maturing on and after April 1, 2023 and (b) pay issuance expenses of the Bonds.

The Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the Senior Vice President for Finance and Administration and CFO of the UNC System (the “SVP-Finance”), or her designee, in consultation with the appropriate officers at WSSU, determine to be in the best interest of WSSU to achieve debt service savings. The Bonds may also be insured by bond insurance if the SVP-Finance and the appropriate officers at WSSU determine it to be in the best interest of WSSU.

Section 2. Sufficiency of Available Funds. That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds and to provide for the maintenance and operation of the facilities at WSSU to the extent required under the General Indenture.

Section 3. Selection of Underwriter and other Financing Team Members. That the Board ratifies the selection of the Underwriter for the Bonds and authorizes the SVP-Finance, in consultation with the appropriate officers at WSSU, to select any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. Authorization of Board Documents. That the form and content of the Board Documents be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim
capacity, or their respective designees, individually and collectively (the “Authorized Officers”), be and 
they hereby are each authorized, empowered and directed to execute and deliver the Board Documents 
for and on behalf of the Board, including necessary counterparts, in substantially the form and content 
presented to the Board, but with such changes, modifications, additions or deletions therein as to them 
seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of 
the Board’s approval of any and all such changes, modifications, additions or deletions therein, and that 
from and after the execution and delivery of the Board Documents the Authorized Officers are each 
hereby authorized, empowered and directed to do all such acts and things and to execute all such 
documents as may be necessary to carry out and comply with the provisions of the Board Documents as 
executed.

Section 5. Authorization of Purchase Agreement. That the Chairman of the Board, the 
President of the UNC System and the SVP-Finance, or their respective designees, be and they hereby are 
each authorized, empowered and directed to execute and deliver the Bond Purchase Agreement for and 
on behalf of the Board, including necessary counterparts, in a form and substance consistent with the 
terms of this Resolution and that from and after the execution and delivery of the Bond Purchase 
Agreement the Authorized Officers are each hereby authorized, empowered and directed to do all such 
acts and things and to execute all such documents as may be necessary to carry out and comply with the 
provisions of the Purchase Agreements as executed.

Section 6. Authorization of Preliminary Official Statement and Official Statement. That the 
form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects 
authorized, approved and confirmed, and the use of the Preliminary Official Statement by the 
Underwriter in connection with the sale of the Bonds is hereby in all respects authorized, approved, 
ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective 
designees, individually or collectively, be and they hereby are each authorized, empowered and directed 
to deliver the Official Statement for and on behalf of the Board in substantially the form and content of 
the Preliminary Official Statement presented to the Board, but with such changes, modifications, 
additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of 
the Bond Purchase Agreement to constitute conclusive evidence of the Board’s approval of any and all 
such changes, modifications, additions or deletions therein. If the President of the UNC System and the 
SVP-Finance, or their respective designees, individually or collectively, determine that the inclusion of 
additional updated information is necessary for use in the public offering and settlement of the Bonds, 
the President of the UNC System and the SVP-Finance, or their respective designees, individually or 
collectively, are in all respects authorized, empowered and directed to update the Official Statement 
(the “Updated Official Statement”) and to execute and deliver the Updated Official Statement, but with 
such changes, modifications, additions or deletions to the Official Statement as they determine 
necessary, desirable or appropriate, the delivery thereof to constitute conclusive evidence of the 
Board’s approval of any and all such changes, modifications, additions or deletions therein. The use of 
Preliminary Official Statement, the Official Statement and the Updated Official Statement by the 
Underwriter in connection with the sale of the Bonds with investors is hereby authorized, approved and 
confirmed.

Section 7. General Authority. From and after the execution and delivery of the documents 
hereinabove authorized, the Authorized Officers are each hereby authorized, empowered and directed 
to do all such acts and things and to execute all such documents as may be necessary to carry out and 
comply with the provisions of said documents as executed, and are further authorized to take any and
all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Finance and Administration at WSSU, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of WSSU.

Section 8. **Conflicting Provisions.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 22nd day of July, 2021.
I, Meredith McCullen, 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 22, 2021, 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 22, 2021 was sent to each member of the Board, and (3) a quorum was present at the meeting on July 22, 2021, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of July, 2021

[SEAL]

Meredith McCullen, Secretary of the University of North Carolina System