



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance

November 17, 2021 at 10:00 a.m.  
Via Videoconference and PBS North Carolina Live Stream  
North Carolina State University  
Duke Energy Hall D  
Raleigh, North Carolina

## AGENDA

- A-1. Approval of the Minutes of September 15, 2021 .....James L. Holmes, Jr.
- A-2. 2021-23 Authorization of Delegated Authority –  
Allocation of Funds .....Jennifer Haygood
- A-3. Amend Appendix I of *The Code*, Section V.....Jennifer Haygood
- A-4. Recommendations of the Task Force on Pricing, Flexibility, and Affordability .....Wendy Floyd Murphy
- A-5. Revisions to Section 1000.1.2, *Policy on Student Fees* .....Jennifer Haygood
- A-6. Amend Section 1000.1.1, *Policy on Tuition Rates*.....Jennifer Haygood
- A-7. Tuition and Fees Orientation .....Jennifer Haygood and Lindsay Farling
- A-8. Millennial Campus Expansion –  
University of North Carolina Wilmington ..... Jennifer Haygood and Miles Lackey
- A-9. Report on FY 2019 Facilities Inventory and Utilization Study.....Jennifer Haygood
- A-10. Capital Improvement Projects ..... Katherine Lynn
- A-11. Disposition of Property by Demolition – Appalachian State University ..... Katherine Lynn
- A-12. Disposition of Property by Ground Lease and Disposition by Demolition –  
East Carolina University ..... Katherine Lynn
- A-13. Disposition of Property by Demolition – NC Central University ..... Katherine Lynn
- A-14. Disposition by Ground Lease and Dedication as a Nature Preserve –  
The University of North Carolina at Greensboro ..... Katherine Lynn
- A-15. Adjourn

**Additional Information Available:**

A-9. Report on FY 2019 Facilities Inventory and Utilization Study

FY 2022 Q1 General Fund Update

HEERF Expenditures through September 30, 2021

## DRAFT MINUTES

September 15, 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: Jimmy Clark, J. Alex Mitchell, Wendy Floyd Murphy, Lee Roberts, and Michael Williford.

Chancellors participating by video were Robin Cummings, Sheri Everts, and Randy Woodson.

Faculty Assembly advisors participating by video were Dr. Carol Cain (Winston-Salem State University), Dr. Susan Harden (UNC Charlotte), and Dr. Jim Westerman (Appalachian State University).

Staff members present included Jennifer Haygood, Lindsay Farling, Katherine Lynn, and others from the UNC System Office.

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

The chair called the meeting to order at 9:30 a.m., on Wednesday, September 15, 2021, and called for a motion to approve the open session minutes of July 21, 2021.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the open session minutes of July 21, 2021, as distributed.

**Motion:** Jimmy Clark

**Motion:** Carried

### 2. Task Force on Pricing, Flexibility, and Affordability Update (A-2)

Mrs. Murphy provided an update on the Task Force on Pricing, Flexibility, and Affordability's August 24, 2021 meeting. The focus of the task force was to examine the total cost of attendance at UNC System institutions. The task force considered potential policy reforms to improve affordability, foster more consistency across universities in defining cost of attendance, and encourage greater oversight of housing and dining rates. System Office staff was asked to survey university leaders about these issues and develop policy options to consider for its next meeting. Mrs. Murphy will bring recommendations to the committee in November.

This item was for information only.

### **3. 2021-23 Authorization of Delegated Authority – Allocation of Funds (A-3)**

Senior Vice President Jennifer Haygood explained that each year when the State budget is finalized, the Committee on Budget and Finance recommends allocations of funds made available by the General Assembly to the Board of Governors. Due to the uncertainty of the 2021-23 State budget finalization, the committee considered the recommended authorization of delegated authority to allocate funds made available by the General Assembly — if the State budget is ratified prior to the November Board meeting. If this occurs, a special meeting will be called, and the entire Board will be invited to participate.

**MOTION:** Resolved, that the Committee on Budget and Finance be delegated the authority to allocate funds made available by the General Assembly, if the State budget is ratified prior to the November Board meeting. There will be a special meeting for this purpose and the entire Board will be invited to participate, either in person or via Zoom.

**Motion:** Lee Roberts

**Motion carried**

### **4. FY 2023 All-Funds Budget Update (A-4)**

Ms. Haygood provided the committee an update on the all-funds budget. In order to further the financial management of the University of North Carolina System, all constituent institutions are required to develop a comprehensive all-funds budget for fiscal year 2023 and annually thereafter.

The System Office has been working with campuses to develop a common template and standard budgeting conventions for the new all-funds budget requirement. At its May 2022 meeting, the Board will receive a compilation of the institutions' FY 2023 budgets and narratives describing how resources are allocated to support progress towards strategic goals, improved efficiency, and financial sustainability.

This item was for information only.

### **5. 2022-23 Tuition and Fees Instructions (A-5)**

Ms. Haygood reviewed with the committee the annual process for establishing tuition and fees that begins with the senior vice president for finance and administration issuing instructions to the institutions for submitting requests for consideration by the Board of Governors. These instructions communicate the parameters that campuses must stay within when developing their requests.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the 2022-23 Tuition and Fees Instructions. This was a committee only vote.

**Motion:** James L. Holmes, Jr.

**Motion carried**



## **6. Briefing on Analysis of UNC System Workforce Trends – Part II (A-6.)**

Ms. Haygood reminded the committee that 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, which is used by our constituent institutions and the UNC System Office to identify and track positions by specific occupational category and function. In April, at a joint meeting of the Committee on Budget and Finance and the Committee on Personnel and Tenure, System Office staff provided an analysis of headcount change by job category in the UNC System over five fiscal years.

Part II of the trend analysis addressed changes in the base salary of the University's workforce. This study was intended to illustrate workforce trends in functional job categories between FY16 and FY20. Workforce analysis will continue as an ongoing reporting process each fiscal year for the president and Board of Governors. Chair Holmes noted to the committee as well as to Chair Blue of the Committee on Personnel and Tenure that he would pass this initiative to her committee to continue the efforts, which she agreed.

This item was for information only.

## **7. Revisions to the UNC System Fees Policy (A-7)**

Ms. Haygood presented to the committee the recommendation to revise the UNC System fees policy to align with the current fee-setting process. The recommended new policy reflects existing practice and restructures the policy for ease of understanding. This item included an updated fee policy that will be added as Section 1000.1.2 of the UNC Policy Manual, *Policy on Student Fees*. There was no expectation that the recommended policy will substantially change the existing process to establish student fees. The committee voted to slightly modify the policy language to reiterate that campus boards of trustees must approve tuition and fee proposals before submitting them for Board of Governors approval. The full Board of Governors will vote through the consent agenda at the November meeting on the revised fee policy.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the revisions to the policy that reflects existing practice and restructures the policy for ease of understanding and recommend it to the full Board of Governors with a vote through the consent agenda at the next meeting. There was no expectation that the recommended policy would substantially change the existing process to establish student fees.

**Motion:** Lee Roberts

**Motion carried**

## **8. Capital Project Reporting Requirements – G.S. 143C-8-14 (A-8.)**

Senior Associate Vice President Katherine Lynn presented information about S.L. 2021-80, which codifies the requirement for reporting on the status of capital projects over \$10 million. She provided a sample format of the report, which was included in the committee's materials. Reports on the status of capital projects funded in whole or in-part with State funds would be required to be submitted to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division by October 1 and April 1 of each year. In addition, beginning January 1, the status of capital projects over \$10 million must be reported quarterly to the Office of State Budget and Management.

This item was for information only.

**9. Capital Improvement Projects – North Carolina State University, University of North Carolina at Chapel Hill, and University of North Carolina Wilmington (A-9)**

Ms. Lynn presented three new capital improvement projects for North Carolina State University's Centennial Campus Plaza for a total request of \$2 million funded by donations and gifts, University of North Carolina at Chapel Hill's Women's Basketball Renovations – Phase 3 for an authorization total of \$4.8 million funded by athletic receipts, and the University of North Carolina Wilmington's Alderman Hall and King Hall Renovations for a total request of \$7.8 million funded by carry-forward.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the three capital improvement project requests from North Carolina State University, University of North Carolina at Chapel Hill, and University of North Carolina Wilmington and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** Lee Roberts

**Motion carried**

**10. Sale of Special Obligation Bonds – North Carolina A&T State University (Item A-10)**

Ms. Haygood presented a financing request from North Carolina A&T State University for the Board of Governors to issue special obligation bonds in an aggregate principal amount not to exceed \$82 million to (1) advance refunding the callable maturities of N.C. A&T's General Revenue Bonds, Series 2015A and (2) pay costs of issuance of the 2021 Bonds.

**MOTION:** Resolved, that the Committee on Budget and Finance approve N.C. A&T State University'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:** Lee Roberts

**Motion carried**

**11. Sale of Special Obligation Bonds — University of North Carolina Wilmington (Item A-11)**

Ms. Haygood presented UNC Wilmington's request for authorization to issue special obligation bonds in an aggregate principal amount not to exceed \$9.75 million, plus an additional amount not to exceed five percent of such principal amount, to finance the construction of the Walton Drive Student Village-Recreational Fields and Facilities on UNCW's campus and pay costs incurred in connection with the issuance of the 2021 Bonds. 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. This request was for refinancing an existing bond.

**MOTION:** Resolved, that the Committee on Budget and Finance approve UNC Wilmington'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:** J. Alex Mitchell

**Motion carried**

## **12. 2020-21 Annual Report of the Committee on Budget and Finance (Item A-12)**

Ms. Haygood presented the 2020-21 Annual Report of the committee, consistent with UNC System policy. The report summarized all actions of the Committee on Budget and Finance from July 1, 2020 through June 30, 2021.

**MOTION:** Resolved, that the Committee on Budget and Finance adopt the 2020-21 Annual Report, as distributed, for submission to the full Board of Governors.

**Motion:** Lee Roberts

**Motion carried**

## **13. Other Business (A-13.)**

Ms. Haygood noted that additional information on Higher Education Emergency Relief Fund (HEERF) awards and expenditures through June 30, 2021, and FY 2021 year-end General Fund updates were available on BoardEffect.

There being no further business and without objection, the meeting adjourned at 10:53 a.m.

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Michael Williford, Secretary

## AGENDA ITEM

A-2. 2021-23 Authorization of Delegated Authority – Allocation of Funds.....Jennifer Haygood

<b>Situation:</b>	The 2021-23 State budget or associated funding bills may be finalized before the next meeting of the Board of Governors.
<b>Background:</b>	Each year when the State budget is finalized, the Committee on Budget and Finance recommends allocations of funds made available by the General Assembly to the Board of Governors.
<b>Assessment:</b>	It is recommended that the Committee on Budget and Finance be delegated the authority to allocate funds made available by the General Assembly, if the State budget or other funding bills requiring allocation by the Board are ratified prior to the next Board meeting. There will be a special meeting for this purpose and the entire Board will be invited to participate, either in person or via Zoom.
<b>Action:</b>	This item requires a vote by the committee and a vote by the full Board of Governors.

**AGENDA ITEM**A-3. Amend Appendix I of *The Code*, Section V .....Jennifer Haygood

**Situation:** In order to further the financial management of the University of North Carolina System, all constituent institutions are required to develop a comprehensive, all-funds budget for Fiscal Year 2023 and annually thereafter. As part of this requirement, constituent institutions must seek approval of their all-funds budgets from their board of trustees.

**Background:** North Carolina has a long history of state support for public higher education, resulting in substantial state appropriations and low tuition. For the majority of the System's history, these two revenue sources were the primary revenues that supported System operations. Both of these revenues are considered state General Fund revenues that are governed by strong regulations for budgeting.

UNC System constituent institutions' operations are also supported by various other fund sources, called Institutional Trust Funds in the General Statutes, which are comprised of revenues from auxiliary enterprises, federal grants and contracts, donor funds, and student fees. Historically, these revenues have not been subject to the same formal budgeting requirements. Over time, these Institutional Trust Funds have grown and now comprise half of UNC System revenues. The fact that the UNC System has not operated with a formal budgeting process is an enterprise risk that can and should be addressed.

**Assessment:** At its May 2021 meeting, the Board determined that a comprehensive, all-funds budget is needed to provide the necessary structural foundation for the execution of the University's strategic plan and to ensure the delivery of the System's mission in a financially sustainable manner. Additionally, the Board determined that all-funds budgets of the constituent institutions should be approved by boards of trustees.

The proposed amendment to Section V of Appendix I codifies the all-funds budget requirement in the UNC Policy Manual and delegates approval to the board of trustees.

**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.

*THE CODE*

Appendix 1 -

DELEGATIONS OF DUTY AND AUTHORITY TO BOARDS OF TRUSTEES

Pursuant to authority vested in it by the General Statutes, and consistent with the provisions of *The Code* of the University of North Carolina (*The Code*), the Board of Governors hereby delegates to the boards of trustees of the constituent institutions of the University of North Carolina the following duties and powers:

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V. BUDGET DEVELOPMENT AND ADMINISTRATION

On an annual basis, the board of trustees shall approve a comprehensive, "all-funds" budget for the constituent institution. The budget shall reflect for the upcoming fiscal year estimated General Fund, Institutional Trust Fund, and other revenues and expenditures as defined by and in a manner prescribed by the president or the president's designee. The board of trustees' approval of a constituent institution all-funds budget shall not be delegated and shall be made by a quorum of the full board of trustees, as defined by the board of trustees' operating bylaws or procedures.

The board of trustees shall advise the chancellor ~~with respect to the development of budget estimates for the institution and~~ with respect to the development, execution, and administration of the budget of the constituent institution, ~~as approved by~~ consistent with the actions of the General Assembly and the Board of Governors.

## AGENDA ITEM

A-4. Recommendations of the Task Force on Pricing, Flexibility, and Affordability.....Wendy Floyd Murphy

**Situation:** The committee will hear recommendations from the Task Force on Pricing, Flexibility, and Affordability.

**Background:** As the policymaking body for the UNC System, it is important that the Board periodically step back and examine whether the existing approach to tuition and fees aligns with the System's goals for affordability, efficiency, and student success. To this end, the Task Force on Pricing, Flexibility, and Affordability was appointed to undertake a strategic review of tuition and fee policies and identify whether there are reforms that could improve our ability to better serve the interests of our students, taxpayers, and universities. The context for the review will be the Board's commitments to reducing student debt, providing access to a quality university education, and on-time degree completion, as reflected in the UNC System's 2017-22 strategic plan.

In its October meeting, the task force continued its examination of the total cost of attendance and approved two recommendations for the Committee on Budget and Finance to consider.

**Assessment:** The committee will consider the Task Force's recommendation that the president develop, via regulation, a common methodology for estimating the total cost of attendance.

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

**Recommendation of the Task Force on Pricing, Flexibility, and Affordability to the Committee on Budget and Finance Regarding Cost of Attendance Methodology:**

*Cost of Attendance Calculation.*

- *The President shall develop a regulation that establishes a common methodology for calculating cost of attendance budgets.*
- *Financial aid offices shall use the methodology outlined in the regulation to establish cost of attendance budgets for academic year 2023-24 and thereafter that are realistic, reasonable, and that reflect the unique mission and student population of each university.*

*The Task Force recommends that the Board direct the President to develop and promulgate the regulation by March 1, 2022 to be applicable for academic year 2023-24.*



**AGENDA ITEM**A-5. Revisions to Section 1000.1.2, *Policy on Student Fees* .....Jennifer Haygood

**Situation:** Section 1000.1.1 of the UNC Policy Manual, *Establishing Tuition and Fees*, was outdated and modifications to restructure and update the policy have been underway since July 2021.

**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.

Revisions to the tuition policy were addressed in the July 2021 committee meeting and revisions to the fee policy were considered in the September committee meeting. Several additional changes have been proposed following the discussion in the September 2021 meeting and the original version reviewed by the committee has been revised.

This item includes the updated fee policy that will be added as Section 1000.1.2 of the UNC Policy Manual, *Policy on Student Fees*, that has been revised to include changes to emphasize board of trustee approval of mandatory fees, a requirement related to student involvement, and a proposal from the Task Force on Pricing, Flexibility, and Affordability to require housing and dining rates be approved by boards of trustees.

**Assessment:** Additional changes to the fee policy reviewed by the committee in September 2021 have been proposed. The recommended revised policy better reflects existing practice, restructures the policy for ease of understanding, and incorporates changes proposed by the Task Force on Pricing, Flexibility, and Affordability.

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

### **Policy on Student Fees**

I. Purpose. The Board of Governors is responsible for establishing fees at the constituent institutions<sup>2</sup> of the UNC System consistent with the philosophy set forth in the North Carolina constitution.

II. General Policy. 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. 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. The 2016 General Assembly enacted a special provision (G.S. 116-143.10) that caps mandatory student fee increases (including debt service fees) to three percent per year.

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 and summer school fees shall be established by the president and part-time rates shall be reported to the president. It is the policy of the Board to act no later than March of each year to establish fees for the following fall semester.

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 weigh 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.

A. 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.

B. General Fees. Fees generally applicable to all students shall be established by the Board of Governors. Six general fees are authorized: athletics, association of student government, health services, student activities, educational and technology, and campus security.

C. 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. Any subsequent changes in fees require Board approval. Indebtedness fees expire when the related debt is retired unless otherwise authorized by the Board of Governors.

D. 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 are provided from campus-initiated tuition increases.

~~Each chancellor is authorized to establish miscellaneous service charges for items such 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.~~

III. Process for Establishing Fees. The process shall be initiated at the beginning of the fall semester and contain the following steps:

A. Instructions Issued. The senior vice president for finance and administration shall issue instructions to the chancellors calling for them to initiate a review of fees.

B. Fee Committee Review and Recommendations. Campuses wishing to submit requests for fee 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 fee increase request. 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. Chancellor Recommendations. 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. Board of Trustee Recommendations. The recommendations, as approved by of the board of trustees, will be forwarded to the president for review.

E. President Recommendations. When the review is completed, the president will present fee recommendations to the Committee on Budget and Finance 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.

IV. Distance Education Fees. Section 400.1.1[R](II)(b) of the UNC Policy Manual defines distance education and off-campus programs.

A. For fee-charging purposes, a distance education program is one designed to deliver 80 percent or more of the direct instruction through distance education or off-campus, as defined in Section 400.1.1[R](II)(b). There may be a requirement for the student to attend the main campus for a portion of the program, but that requirement is minimal.

B. Effective fall 2022, students enrolled in distance education programs as defined above will be assessed certain mandatory fees, including the campus security, educational and technology, and association of student government fees, and will not have access to other services and activities supported by the other Board-approved mandatory fees unless they pay the appropriate additional mandatory fee.

C. Students not enrolled in distance education programs will be assessed all mandatory fees regardless of how their courses are delivered in a given semester.

V. Other Charges

A. Housing and Dining Charges. Each chancellor is authorized to establish charges for on-campus student housing and meal plans. Housing and dining charges shall be set in the context of developing the campus all-funds budget. The campus board of trustees shall approve student housing and meal plan charges by March 1 of each year for the following academic year. Approved charges shall be filed with the president prior to the beginning of the academic year.

B. Miscellaneous Service Charges. Each chancellor is authorized to establish miscellaneous service charges for items such 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 academic year.

VI. 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.

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<sup>1</sup>This new policy adopted by the Board of Governors replaces the original Section 1000.1.2, *Policy on Tuition with Respect to Student Exchange Programs with Institutional Abroad*, which was repealed in its entirety by the Board of Governors on September 16, 2021.

<sup>2</sup>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. However, the Board of Governors may approve, upon the recommendation of the NCSSM Board of Trustees, the imposition of fees, not inconsistent with actions of the

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General Assembly for distance education services provided by NCSSM to nonresidents and for students participating in extracurricular enrichment programs sponsored by the school.

**AGENDA ITEM**

A-6. Amend Section 1000.1.1, *Policy on Tuition Rates* .....Jennifer Haygood

- Situation:** This is a request for the committee to approve amendments to Section 1000.1.1, *Policy on Tuition Rates*.
- Background:** At the September 2021 meeting of the Committee on Budget and Finance, the committee approved adoption of Section 1000.1.2, *Policy on Student Fees*, which is currently on the agenda of the Board of Governors for approval at its November meeting. The language for the new policy was derived from section VI., Establishing Fees, of Section 1000.1.1, *Policy on Tuition Rates*. Section 1000.1.1 was approved by the Board at its September 2021 meeting.
- Assessment:** With the approval of Section 1000.1.2 by the full Board of Governors at its November 18, 2021 meeting, the language that came from Section 1000.1.1.VI., is now unnecessary and duplicative. Accordingly, it is requested that the committee vote to amend Section 1000.1.1, as provided in the redline version of the policy included with this SBAA.
- Action:** This item requires a vote by the committee and a vote by the full Board of Governors.

## 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.<sup>2</sup> 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 residency status the student would otherwise have at the home institution and shall be counted in the official FTE of the home institution in that residency 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 counsel 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.

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<sup>1</sup>Supersedes Section 1000.1.1 originally entitled, *Establishing Tuition and Fees*.

<sup>2</sup>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).





## AGENDA ITEM

A-7. Tuition and Fees Orientation.....Jennifer Haygood and Lindsay Farling

- Situation:** Tuition and fee rates are set annually for undergraduate and graduate students, including those students at professional schools.
- Background:** This presentation provides background and context on tuition and fees, as well as information related to the 2022-23 process.
- Assessment:** The 2022-23 tuition and fee proposals submitted by the institutions will be shared with the Board in January 2022 and will be presented for a vote in February 2022.
- Action:** This item is for information only.



# 2022-23 TUITION AND FEES

*Board of Governors  
Committee on Budget and Finance  
November 17, 2021*

## ***Presentation Outline***

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- **Background and Context**
- **2022-23 Tuition and Fees**
  - **Timeline of Process**
  - **Instructions**
  - **Forms**

## ***Background and Context***

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## ***Background and Context***

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- “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.”

– NC Constitution – Article IX, Section 9

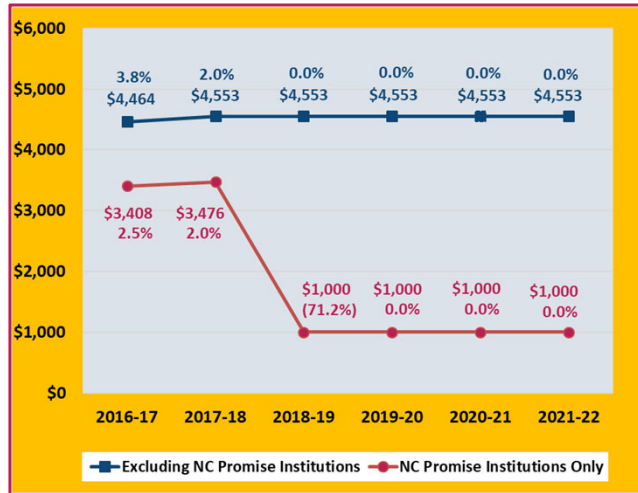
- “The Board shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions . . . in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance. . . .”

– G.S. 116-143

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## Historical Tuition Averages

### UNC System Average Undergraduate Resident Tuition



## Historical Tuition and Fee Averages

Academic Year	Average Increases		
	Undergraduate Resident Tuition	Undergraduate Nonresident Tuition	Mandatory Fees
2016-17	3.6%	2.6%	4.7%
2017-18	2.0%	2.0%	2.8%
2018-19 *	0.0%	0.9%	1.3%
2019-20	0.0%	1.1%	1.9%
2020-21	0.0%	0.0%	(0.1%)
2021-22	0.0%	1.2%	2.2%

\* In 2018-19, NC Promise was implemented for ECSU, UNCP, and WCU. The percentages shown above for undergraduate resident and nonresident tuition do not include these campuses for 2018-19. The actual percentage calculation for 2018-19 (with all campuses) is -10.7% for residents and -9.3% for nonresidents.

## ***Policy/Legislative Requirements for Setting Tuition and Fees***

Category	Guidance/Policy/Legislative Requirement
<b>Tuition</b>	
Undergraduate Resident	Bottom quartile of an institution's public peers. Fixed tuition policy prohibits increases on continuously enrolled students. *
Undergraduate Nonresident	Higher than resident rate*, market driven*, and reflect the full cost of providing a quality education.
Graduate and Professional Schools	Consistent with each program's unique market and academic requirements.
<b>Fees</b>	
Mandatory and Debt Service	Maximum allowable percentage increase is capped at 3%. *
Special	Only applicable to students engaged in particular activities or courses of study; cannot be used to supplement general academic revenues.
Application	Board can set different fees according to program needs.

*\* Statutory requirement*

## ***Purpose of Tuition and Fees***

- Tuition supports the general provision of education on a campus. Tuition revenues can be used for faculty and certain staff salaries, academic support, student services, libraries, and other critical needs.
- Fees support specific activities/services and funds generated by fees are restricted to that purpose. Fees differ from tuition in several important ways:
  - Fees are identical for resident and nonresident students.
  - The direct operational expenses of fee-supported activities are funded entirely from fee revenues without any direct state appropriations.

## 2022-23 Tuition and Fees

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### Timeline for Tuition & Fee Process

September 2021	The System Office provides guidance for the 2022-23 tuition and fee process to Chancellors, Chief Academic Officers, and Chief Finance Officers.
September 2021	Tuition and fee instructions, consistent with the Board's policy, are sent to the institutions.
August through November 2021	Institutions hold tuition and fee committee meetings to discuss potential rate increases. Committees are comprised of faculty, staff, and students. Student forums are held to discuss proposed rate changes with the student body. A student involvement certificate is required from each campus.
October through November 2021	Institutions finalize tuition and fee proposals and submit to their Board of Trustees for approval.
Early December	Chancellors submit tuition and fee requests for 2022-23 to the System Office.
December 2021	The Finance and Administration Division provides background and context on tuition and fees during the Budget and Finance Committee meeting.
December 2021 through January 2022	A tuition and fee committee within the System Office is established with representatives from Finance, Academic Affairs, Audit, and IT Divisions. The committee reviews tuition and fee requests.
January 2022	Campus tuition and fee proposals are presented at the Budget and Finance Committee meeting. Tuition and fee detailed information is also provided to Board members after this meeting.
February 2022	Board of Governors considers tuition and fee proposals for 2022-23.

## 2022-23 Tuition and Fees Instructions

Tuition	Increase Allowed?
Undergraduate Resident	No
Undergraduate Nonresident	Yes
Graduate Resident	No
Graduate Nonresident	Yes
Fees	Increase Allowed?
Mandatory Fees (including debt service)	Any proposed increase must be offset by a commensurate decrease to another fee, unless it meets the criteria for an exception
Special Fees	New fees allowed only for new programs of study; increases allowed to existing fees only to cover increases in "pass-through charges"*
Application Fees	No

*\*"Pass-through charges" are fees charged to cover costs levied by a third party (e.g., licensure exam fee).*

*The Board approved a \$60 campus security fee last year (\$30 increase) at all institutions, except those that would result in a total mandatory fee increase over three percent. The fee at those institutions will increase to \$60 in 2022-23.*

## Fee Increase Exceptions

■ Limited exceptions may be considered for proposed fee increases that meet all the following criteria:

- The fee was not increased in the last two years.
- The fee increase will not support an increase in scope of services/activities.
- Without the fee increase, the ending fund balance is projected to be less than four months of recurring expenses.





## SBTI Form Submitted by the Campuses

2022-23	
Annual Increment	
<b>Requested School-Based Tuition Increase</b>	
Graduate Residents	
Graduate Nonresidents	
	<b>FTE</b>
Graduate Residents	
Graduate Nonresidents	
<b>Total</b>	<b>0.00</b>
<b>Projected Revenues</b>	
Graduate Residents	\$0.00
Graduate Nonresidents	\$0.00
<b>Total</b>	<b>\$0.00</b>
<b>Projected Expenditures</b>	
Expenditure Caption	
Expenditure Caption	
Expenditure Caption	
Expenditure Caption	
<b>Total</b>	<b>\$0.00</b>

Does your campus intend to charge students in this program the requested graduate CITI plus the SBTI? (respond yes or no in )

*In addition to this form, please submit a detailed justification for the requested increases.*

## Fee Forms Submitted by the Campuses

	Prior Years		2022-23	
	2020-21	2021-22	Requested	Proposed
	Fee	Fee	Change	2022-23 Fee
<i>Estimated Student FTE Applicable to Fee - 2022-23</i>	0.00			\$0.00
			Projected 2022-23	
	Actual 2020-21	Projected 2021-22	With Change	Without Change
<b>Beginning Fund Balance</b>	-	-	-	-
<b>Revenues:</b>				
Fee Revenues	-	-	-	-
Other Revenues	-	-	-	-
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Salaries & Wages	-	-	-	-
Staff Benefits	-	-	-	-
Supplies/Materials/Equip.	-	-	-	-
Services	-	-	-	-
Scholarships & Fellowships	-	-	-	-
Debt Service	-	-	-	-
Utilities	-	-	-	-
Other Expenses	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Net Transfers</b>	-	-	-	-
<b>Ending Fund Balance</b>	-	-	-	-
<b>FTE (associated with fee)</b>	0.00	0.00	0.00	0.00
<i>If new positions are being created, please document the specific positions and related responsibilities.</i>				
<b>Justification for Proposed Fee Increase (include additional information on Form C tab if needed)</b>				
<b>Please discuss the effect on the overall student experience if the fee increase request is denied</b>				

**AGENDA ITEM**

A-8. Millennial Campus Expansion – UNC Wilmington..... Jennifer Haygood and Miles Lackey

- Situation:** The Board of Trustees of the University of North Carolina Wilmington requests the expansion of the Millennial Campus to include 18 acres along the northeast portion of campus for a drainage easement along the Clear Run Branch.
- Background:** The University of North Carolina Wilmington proposes to expand the Millennial Campus to include an additional 18 acres located in the northeast portion of the main campus. The property will facilitate a partnership with the City of Wilmington to improve drainage along the Clear Run Branch. The Clear Run Branch Drainage Improvement Project offers direct and indirect benefits for UNC Wilmington and the campus community, including: (1) making access to campus safer for vehicular traffic and pedestrians during major rain events, (2) improving the water quality of Bradley Creek, (3) beautifying the northeast portion of campus adjacent to Clear Run Branch, and (4) providing a source of funding to enable future improvements (i.e., walking path upgrades, lighting, etc.) in the Clear Run Branch area which will benefit stakeholders accessing the property for educational and recreational purposes.
- Assessment:** The expansion of the Millennial Campus designation to improve drainage along Clear Run Branch is consistent with the purpose of the Millennial Campus.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Millennial Campus Expansion – University of North Carolina Wilmington**

### **ISSUE OVERVIEW**

G.S. 116-198.34 grants the Board of Governors authority to designate real property as a Millennial Campus when recommended by the president. It states that “designation shall be based on an express finding by the Board of Governors that the institution desiring to create a Millennial Campus has the administrative and fiscal capability to create and maintain such a campus and provided further, that the Board of Governors has found that the creation of the constituent institution’s Millennial Campus will enhance the institution’s research, teaching, and service missions as well as enhance the economic development of the region served by the institution.”

The UNC Wilmington Board of Trustees is requesting an expansion of its Millennial Campus by 18 acres to facilitate a partnership with the City of Wilmington to improve drainage along the Clear Run Branch which borders the northeast portion of main campus. The Clear Run Branch Drainage Improvement Project offers direct and indirect benefits for UNCW and the campus community, including: (1) making access to campus safer for vehicular traffic and pedestrians during major rain events, (2) improving the water quality of Bradley Creek, (3) beautifying the northeast portion of campus adjacent to Clear Run Branch, and (4) providing a source of funding to enable future improvements (i.e., walking path upgrades, lighting, etc.) in the Clear Run Branch area, which will benefit stakeholders accessing the property for educational and recreational purposes.

This item was approved by the Board of Trustees of the University of North Carolina Wilmington on October 15, 2021.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve the Millennial Campus designation with the understanding that specific projects, leases, and other actions related to the Millennial Campus, including those on property owned by an endowment board, shall be subject to Board of Governors approval unless otherwise authorized by law or under delegated authority.

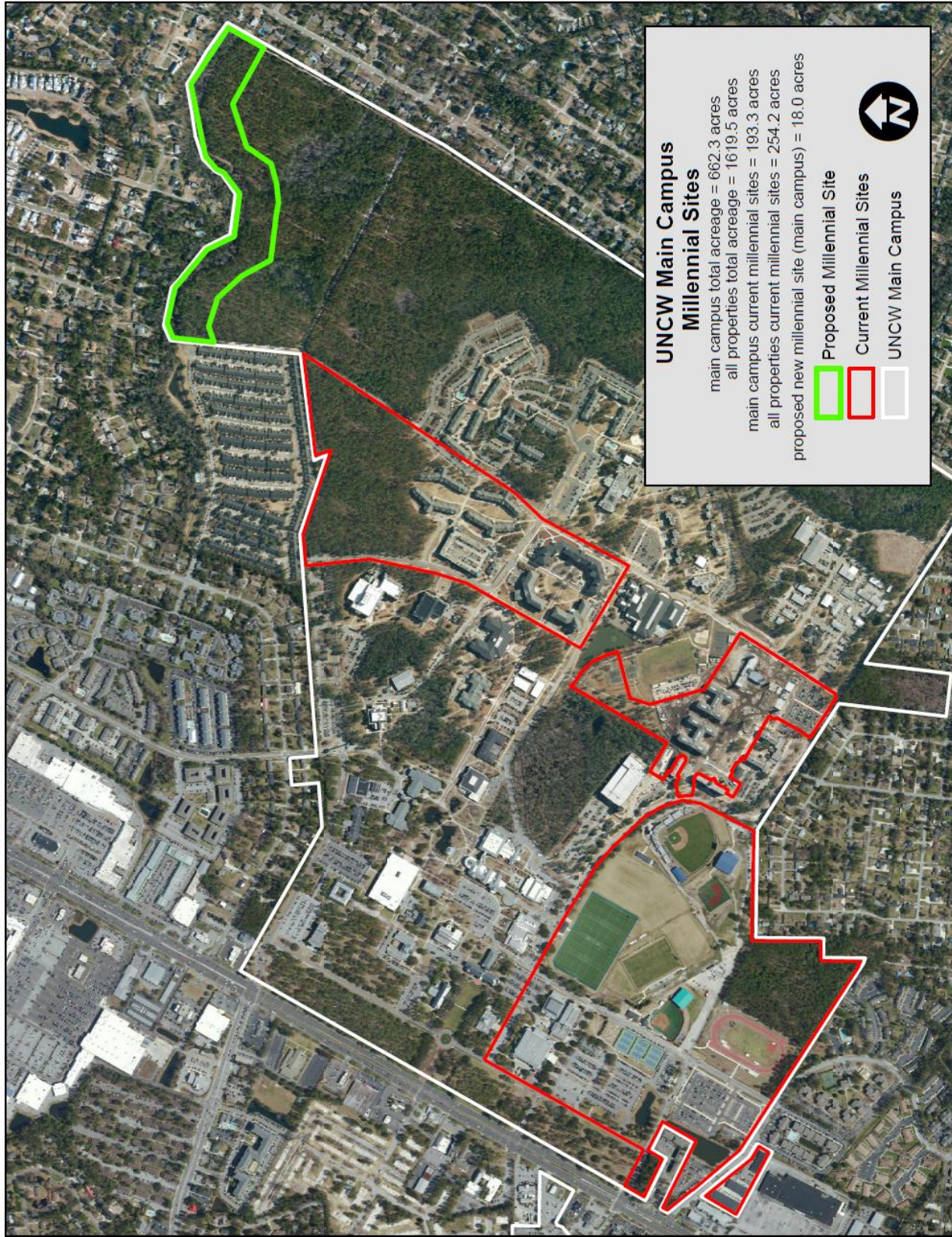


## Existing Millennial Sites (Main Campus)





# Clear Run Branch Site





# Millennial Campus Expansion at UNC Wilmington

November 17, 2021



UNIVERSITY of NORTH CAROLINA WILMINGTON

Page 2

## Background

- During major rain events, roads and walkways located adjacent to the northern boundary of UNCW's campus will often flood and create safety concerns.
- To address the aforementioned flooding issues, the City of Wilmington has engaged in a drainage improvement project which will include the installation of culverts to divert water from the area and also involve activities intended to increase the flood capacity of the Clear Run Branch located along the northeastern portion of UNCW's campus.
- To enable the drainage improvement project to proceed, the City of Wilmington is seeking to purchase 4.82 acres in easements from UNCW for a price of \$210,000.
- Specifically, the Clear Run Branch easements are comprised of:
  - Permanent Drainage Easement: 3.66 acres
  - Temporary Construction Easement: 1.16 acres

## Analysis

- **Benefit:** The drainage improvement project offers direct and indirect benefits for UNCW and the campus community, including:
  1. Enhancing vehicular/pedestrian safety
  2. Improving the water quality of Bradley Creek
  3. Beautifying the portion of campus adjacent to Clear Run Branch
  4. Providing a source of funding to enable future improvements in the Clear Run Branch area which will benefit stakeholders accessing the property for educational and recreational purposes
- **Issue:** UNC constituent campuses (including UNCW) are not allowed to keep the proceeds associated with the disposition of state property unless it has been designated as “Millennial Campus” property.
- **Solution:** Expand the Millennial Campus designation at UNCW to encompass all 4.82 acres included in the proposed easements, plus an additional 13.18 acres which adjoins the easement property.

## Existing Millennial Sites – Main Campus



## Clear Run Branch Site – Proposed Expansion





**AGENDA ITEM**

A-9. Report on FY 2019 Facilities Inventory and Utilization Study .....Jennifer Haygood

**Situation:** The University of North Carolina System Office prepares a Systemwide annual facilities inventory and utilization study detailing the utilization of space, room characteristics, and building characteristics as a tool for space management and planning.

**Background:** Since 1967, the System Office has prepared an annual facilities inventory and utilization study for all sixteen public universities and community colleges. The 2019 report had been revised to only include the 16 public universities and to focus on the utilization of space and condition of space. The primary purpose of the report is to provide detailed information on the utilization of the campuses' physical assets. With the renewed focus of the system on the growing backlog of deferred maintenance and the emphasis on utilizing R&R projects to renew and maintain existing buildings, the report provides details on the capacity, weekly scheduled use, and seat station utilization on a room-by-room basis. The report also includes the age and condition of buildings at each campus. The information is based on data that is self-reported at each campus and scheduling and enrollment information for fall 2019.

**Assessment:** No action is required.

**Action:** This item is for information only.



# 2019 FACILITIES INVENTORY AND UTILIZATION STUDY

*Board of Governors  
Committee on Budget and Finance  
November 17, 2021*

## *Presentation Outline*

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- Background and Context
- Building Characteristics
- Room Space Characteristics
- Utilization of Instructional Space

## Background and Context

- The UNC System has **89 million gross square feet** of space and **2,997 buildings**.\*
- What data is used in this study?
  - Annually updated information on facility and room characteristics, as reported by campuses
  - Time and location of fall term courses
- How is this information used?
  - Informs System-level decisions (i.e., R&R formula)
  - Supports campus-level space planning and management
  - Provides comparative data for other commissions

\* Includes all sixteen university campuses, excluding UNC Hospitals

## Building Characteristics

### Number of Buildings by Fund Type

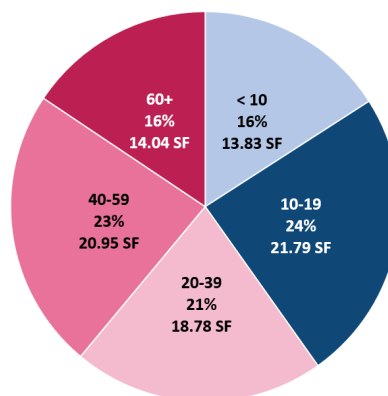
1,925	Appropriated
1,072	Non-Appropriated
2,997	Total

### Gross Square Feet (GSF) - in millions

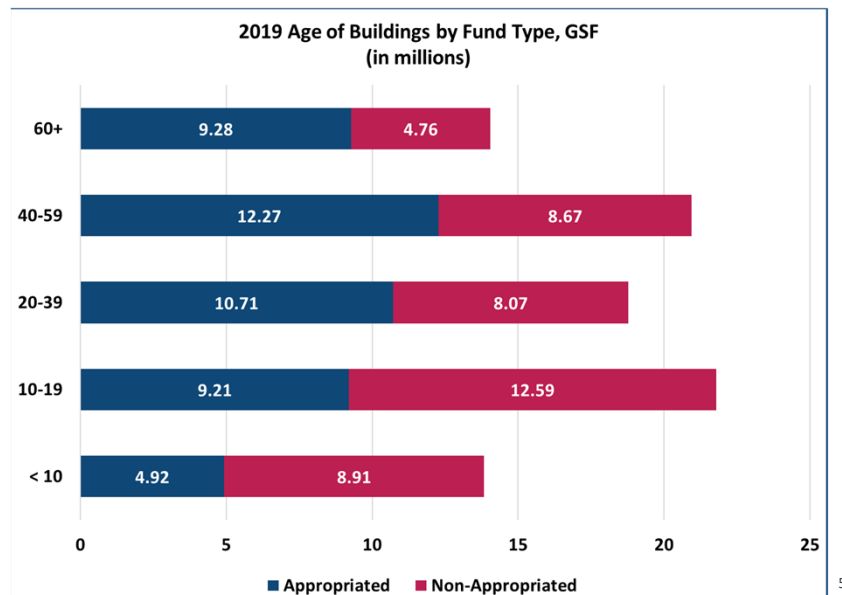
46.4	Appropriated
43.0	Non-Appropriated
89.4	Total

As buildings age, the building systems wear out, reach the end of their useful life, or become harder to repair and maintain due to obsolescence.

### Age of Buildings (Years)



## Building Characteristics



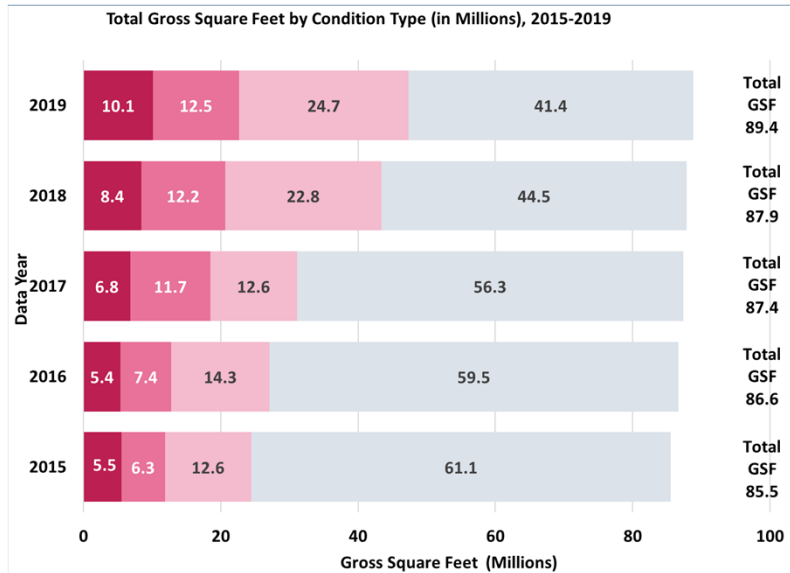
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## Building Condition Categories

- Satisfactory – Suitable for continued use with normal maintenance
- Remodeling A – Less than 25% of the estimated replacement cost of the building
- Remodeling B – Between 25% and 50% of the estimated replacement cost of the building
- Remodeling C – More than 50% of the estimated replacement cost of the building
- Demolition – Identified for demolition, typically because they are unsafe or unsound
- Termination – No longer in use for reasons other than condition

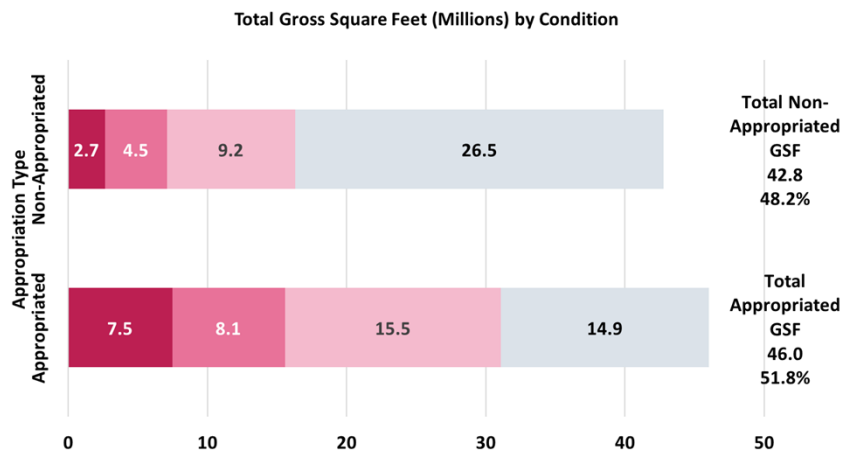
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## Building Conditions Have Worsened Over Time



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## 2019 Building Condition by Fund Type



Chronic deferred maintenance continues to be the primary challenge for all campuses, particularly among appropriated facilities.

8

## Room Characteristics

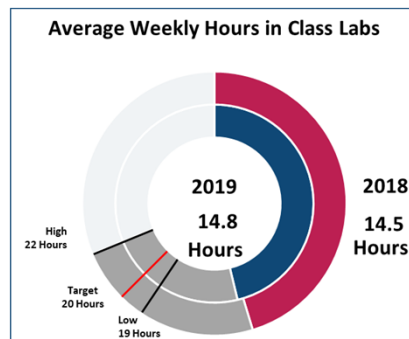
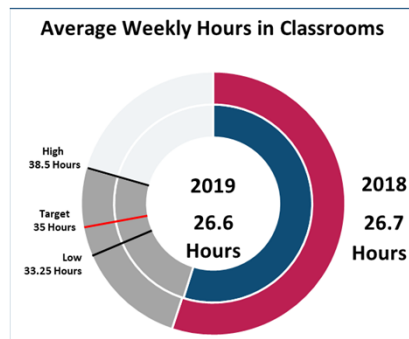
Assignable Space by Program				
Program	Total ASF	% of Total in 2019	% of Total in 2015	% Change
Instruction	11,599,169	23.7%	23.9%	-0.2%
Research	5,803,440	11.9%	12.1%	-0.2%
Public Service	1,682,447	3.4%	3.4%	0.0%
Student Service	19,959,184	40.8%	39.5%	1.3%
Other	9,871,214	20.2%	21.1%	-0.9%

Most “Student Service” space is related to student auxiliaries, such as housing, dining, student unions, bookstores, athletics, etc.

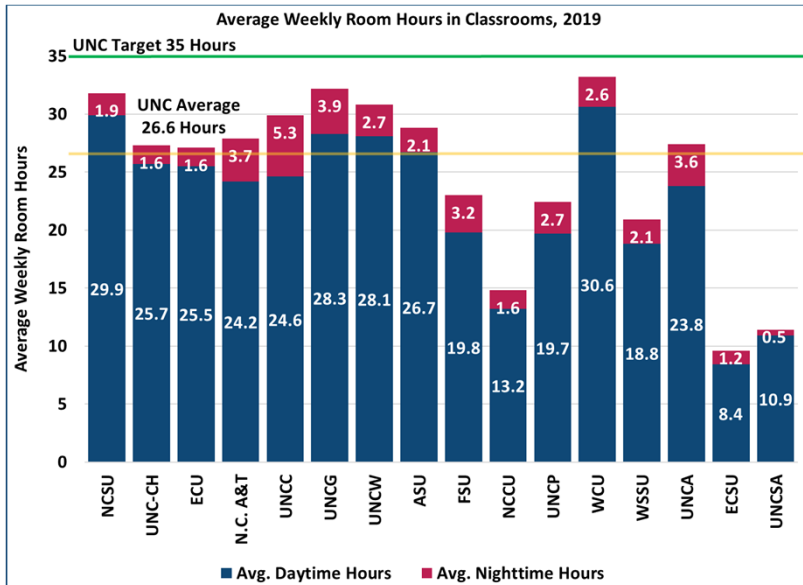
## Utilization of Instructional Space

The UNC System standards based on a 45-hour weekly schedule:

- **Classrooms: 35 hours per week**
- **Labs: 20 hours per week**

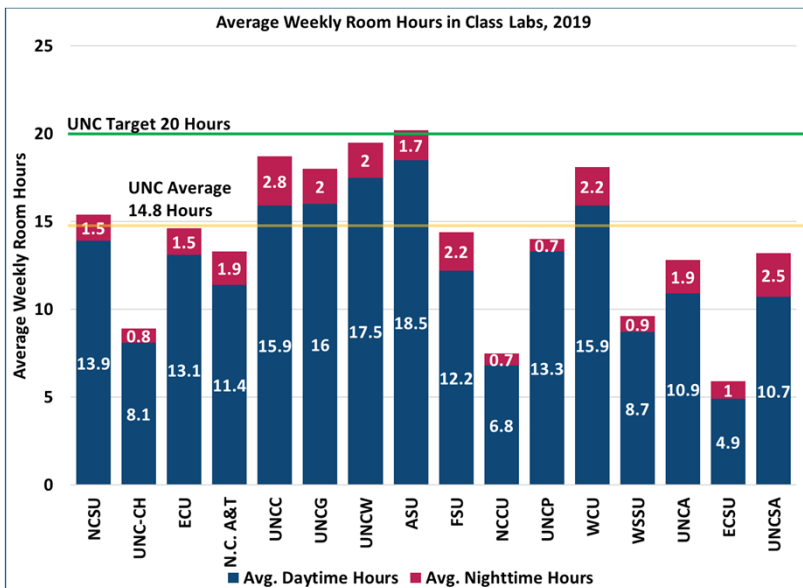


## Utilization of Classrooms



11

## Utilization of Labs

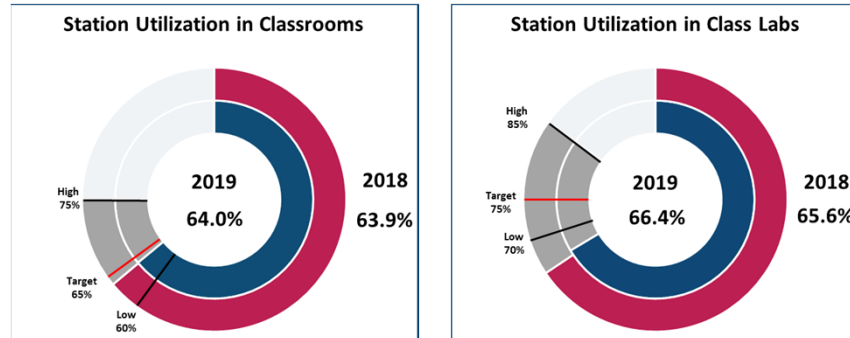


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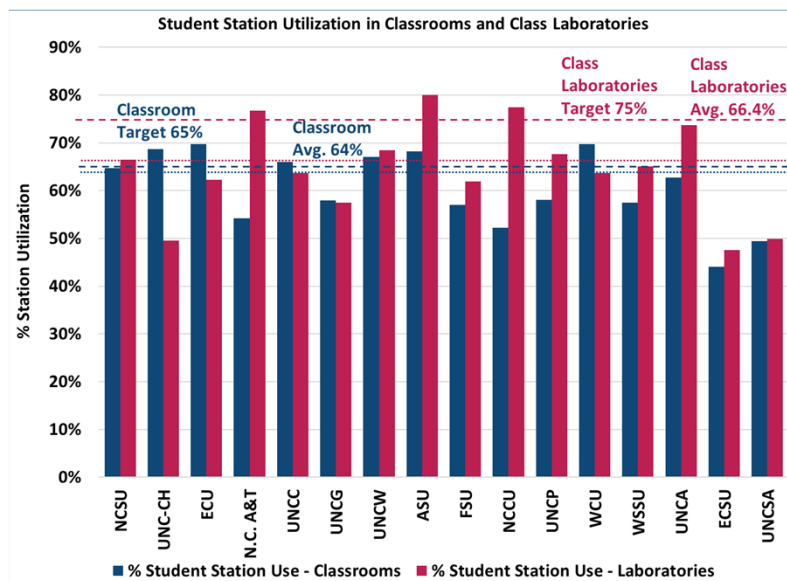
## Student Station Utilization in Classrooms and Labs

The UNC System targets for student station (seat in the room) use:

- Classrooms: 65% of stations used
- Labs: 75% of stations used



## Student Station Utilization in Classrooms and Labs





## ***Conclusions***

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- The UNC System has a large and aging physical footprint.
- Significant investment is needed to bring existing facilities up to satisfactory levels.
- Significant space is dedicated to student auxiliaries, which rely on non-State revenue sources.
- Campuses should consider capital improvement investments that improve utilization of their existing footprints before deciding to construct additional square footage.

**2019 FACILITIES INVENTORY  
AND UTILIZATION STUDY**  
for  
**The University of North Carolina System**  
*Fifty-Third Edition*



**Levern Hamlin Allen Residence Hall, Western Carolina University**

**September 2021**

The primary purpose of the annual Facilities Inventory and Utilization Study (study) is to offer higher education administrators within the University of North Carolina System a detailed statistical profile of the facilities of their own campuses and of the other universities in the system as a tool for space management and planning. The study evaluates self-reported data for UNC institutions with the data carefully reviewed, including extensive use of computer edits as a means of ensuring accuracy and consistency. The ultimate responsibility for the precision of the data, of course, lies with the individual institutions as the source on which this study is based. While each institution has a vested interest in its own space picture, a systemwide overview of key elements of the study provides useful context on the facilities in the UNC System.

In 2019, the UNC System had approximately  
89.4 million gross square feet of space  
and 2,997 buildings  
including all sixteen campuses and excluding UNC Hospitals.

This study looks at the UNC System facilities with a focus on three key areas: **utilization of instructional space, room space characteristics, and building characteristics.**

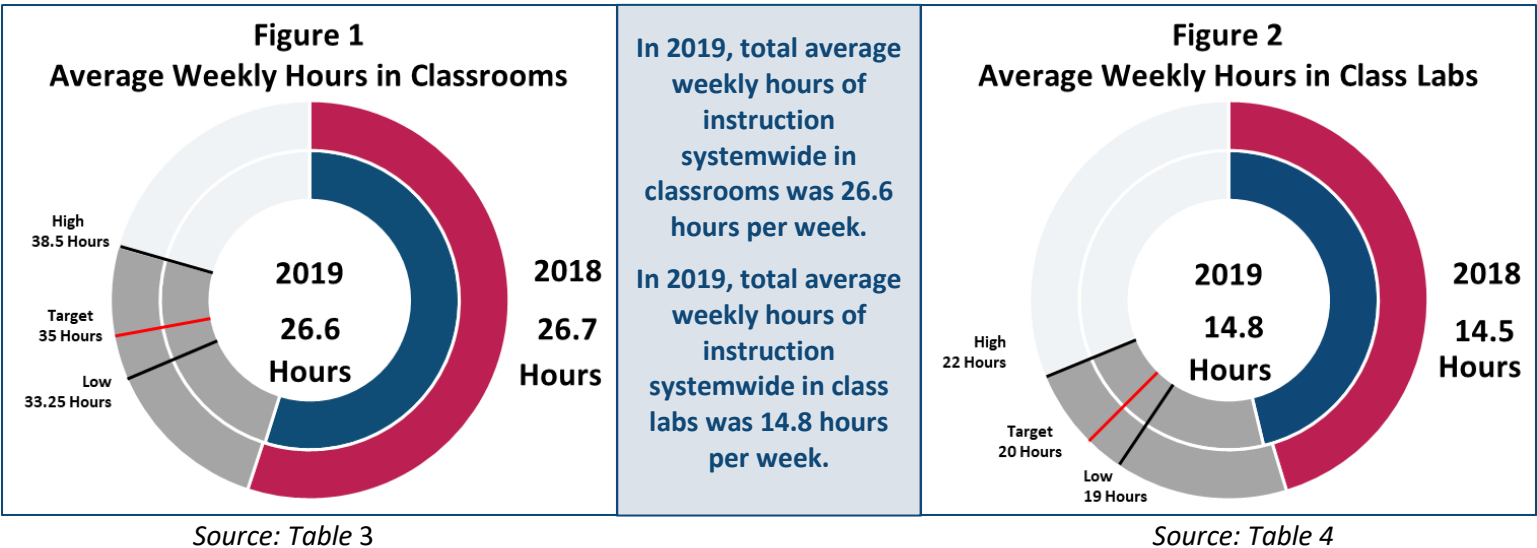
Utilization of Instructional Space

The study looks at several areas to gauge the capacity and utilization of space. This includes two primary measures: the weekly room utilization and the seat fill. The weekly room utilization indicates how often the room is utilized for scheduled classes. The UNC System has set a utilization standard target that each available classroom be scheduled for 35 hours of class instruction per week based on day and evening scheduling, Monday – Friday between 5 a.m. and 11 p.m. **Daytime utilization is based on all class times between and including 5:00 a.m. and 4:59 p.m.; nighttime utilization is based on all other classes.** The average weekly room hours of instruction is calculated by dividing the total room hours of instruction by the total number of rooms. This data is taken from Tables 3 and 4 found on pages 7 and 9 of the study.

The UNC System standard for classrooms is 35 hours per week of scheduled class instruction.

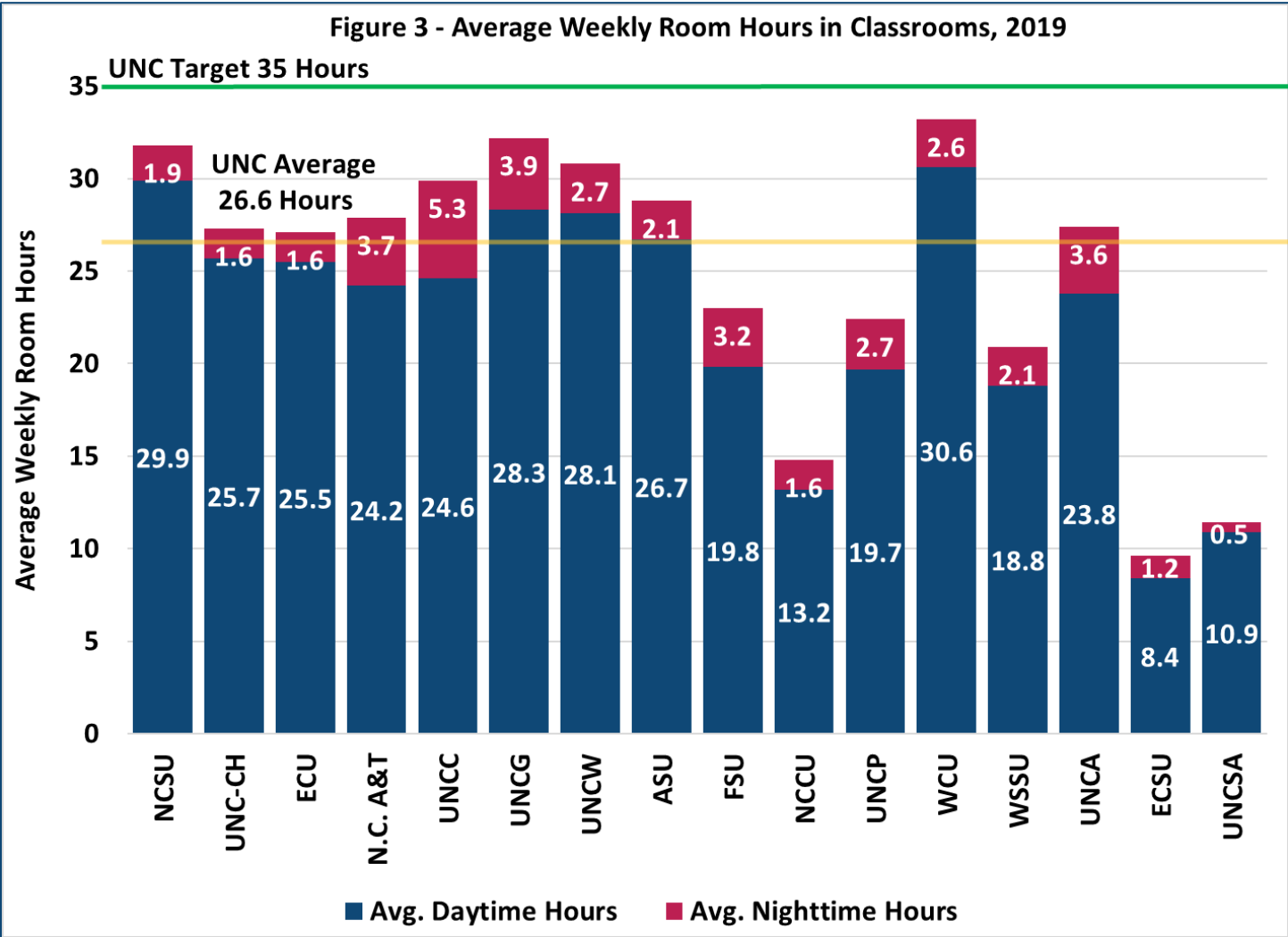
The UNC System standard for class labs is 20 hours per week of scheduled class instruction.

Figures 1 and 2 show the average weekly hours of instruction for classrooms and class labs in 2019.



Figures 1 and 2 indicate a slight decrease in average weekly hours in classrooms, down 0.1 hours per week from 2018, and a slight increase in average weekly hours for class labs, up 0.3 hours per week from 2018.

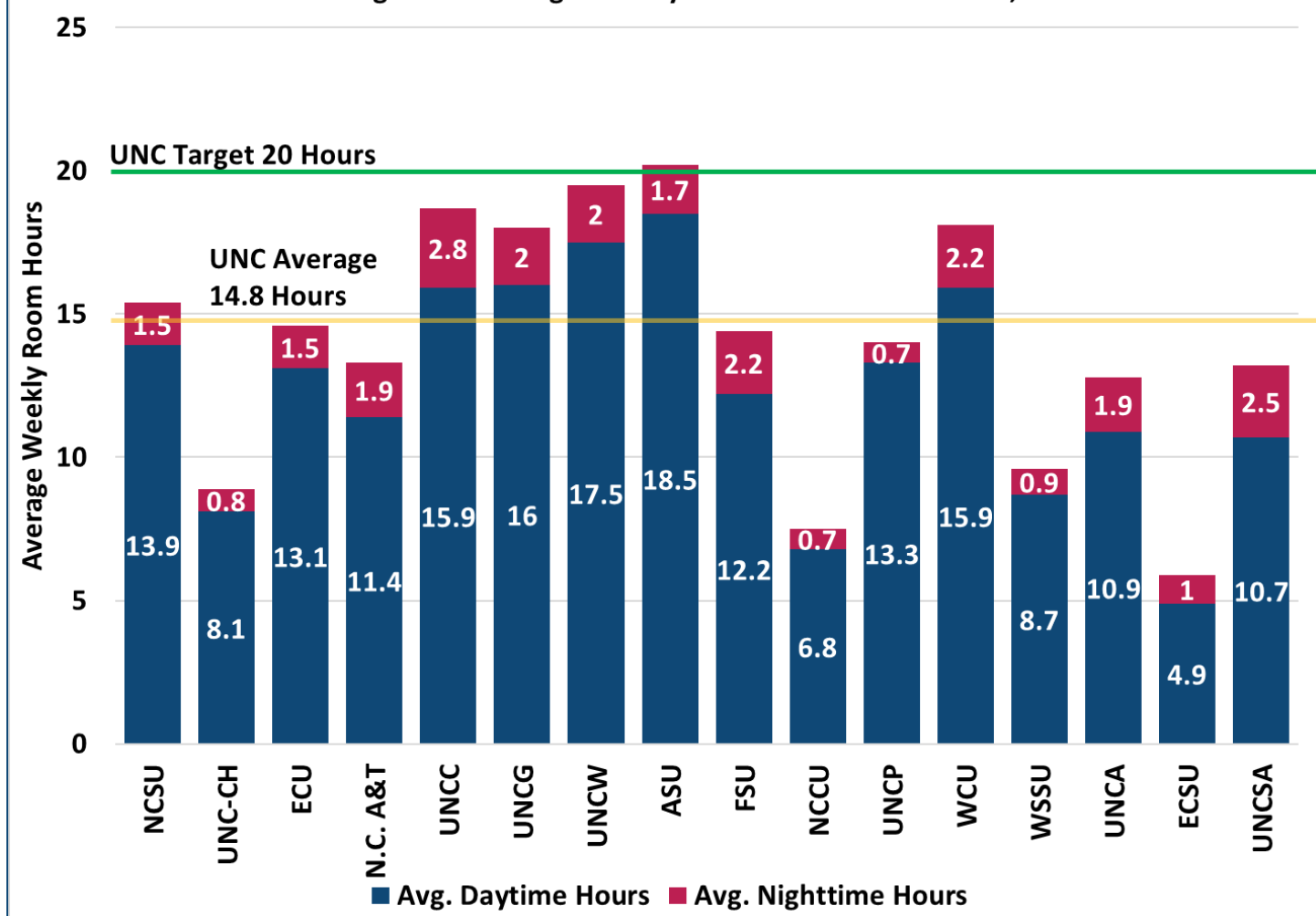
Figure 3 includes a breakdown of average weekly hours for classrooms by institution, and includes additional details on daytime and nighttime room hours.



Source: Table 3

Figure 4, on the next page, includes a breakdown of average weekly hours for class labs by institution and includes additional details on daytime and nighttime room hours.

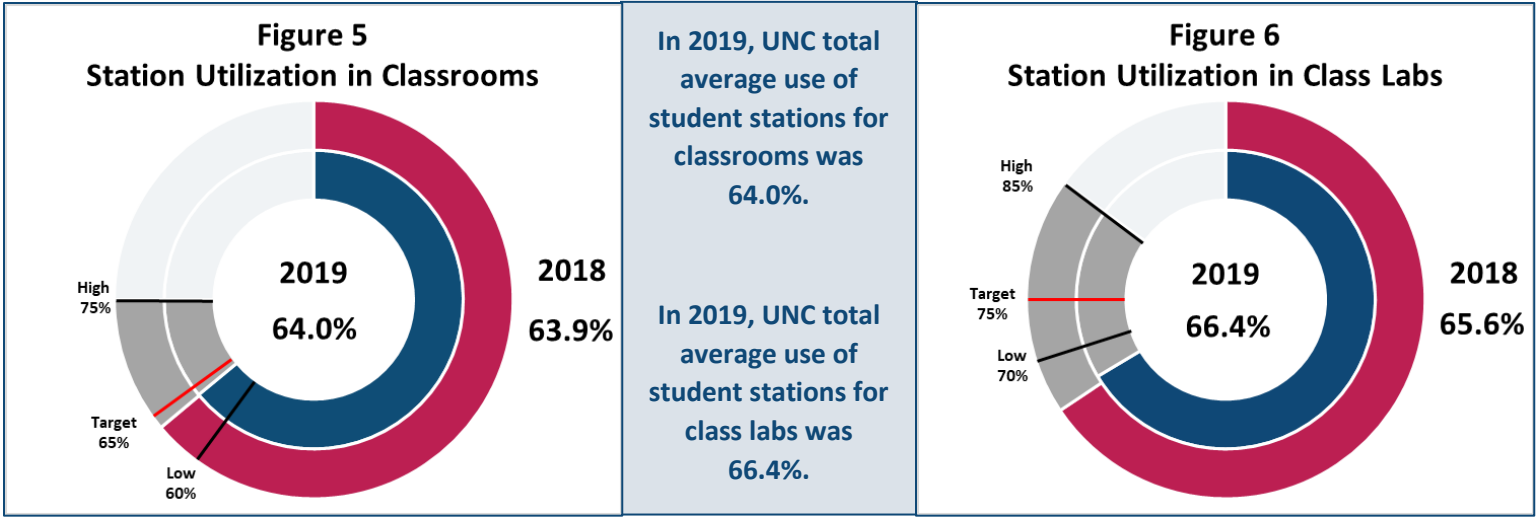
Figure 4 - Average Weekly Room Hours in Class Labs, 2019



Source: Table 4

Average weekly use of student stations is used to indicate the average number of hours each week a student station is used by room. **A student station is defined as a seat in the room.** Average weekly use of student stations is calculated by dividing the total number of student clock hours generated in the room by the total number of student stations in the room. The UNC System standard target for average weekly use of student stations for classrooms is 65%. The UNC System standard for class laboratories is 75%. For additional information on Student Clock Hours, see page 3 of the study.

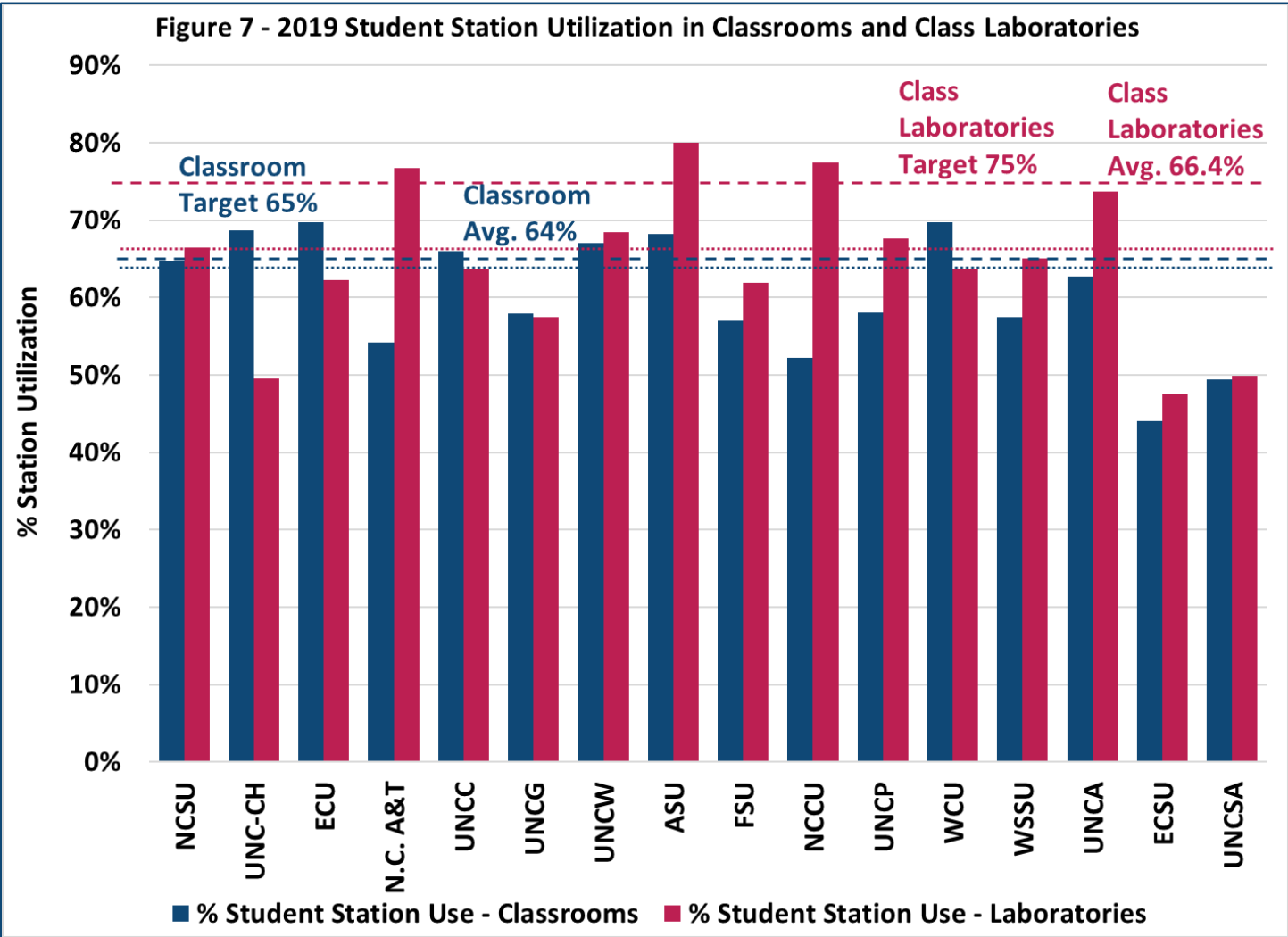
Figures 5 and 6, on the following page, indicate the average student station utilization systemwide for classrooms and class labs. In 2019, the average weekly use of student stations in classrooms was 64% and for class labs was 66.4%. This indicates a slight increased use from 2018 of 0.1% for classrooms and 0.9% for class labs.



Source: Table 7

Source: Table 7

Figure 7 displays use of student stations data by institution for classrooms and class labs. Further details on the utilization of instructional space are available on pages 3-33 of the study.



Source: Table 7



Room Space Characteristics

The study includes information on the assignment and use of each room on every campus. Of the 89.4 million gross square feet in the UNC System, excluding UNC Hospitals, 48.9 million square feet is considered assignable space. Assignable space is defined as space that is assigned to, or available for assignment to, an occupant or specific use. Assignable space excludes building service areas, circulation, mechanical, and structural areas. From 2015 to 2019, the assignable space has increased by 1,692,379 SF or 3.6%.

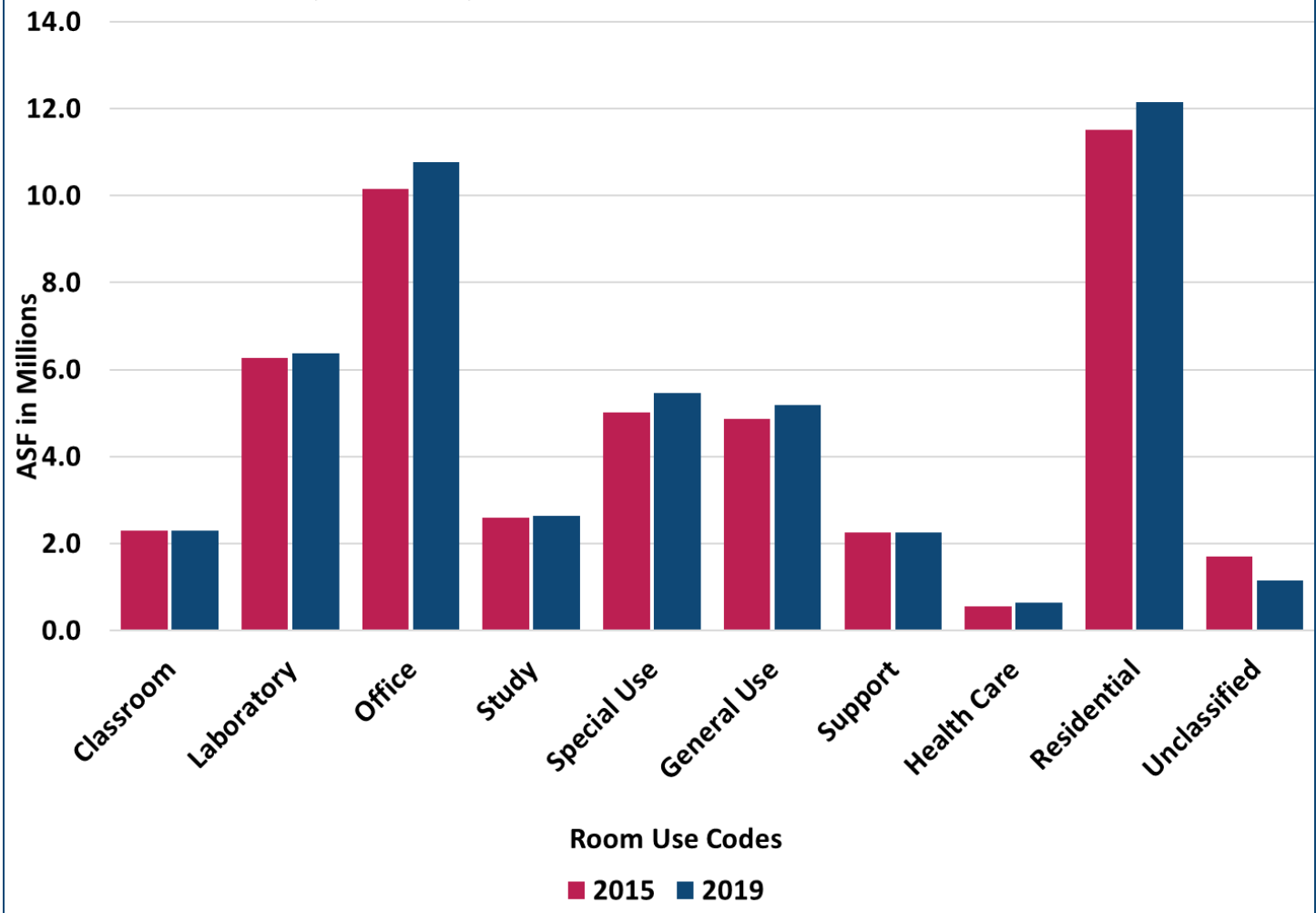
Assignable Space by Program				
Program	Total ASF	% of Total in 2019	% of Total in 2015	% Change
Instruction	11,599,169	23.7%	24.1%	-0.4%
Research	5,803,440	11.9%	11.9%	-0.1%
Public Service	1,682,447	3.4%	2.9%	0.5%
Student Service	19,959,184	40.8%	39.7%	1.1%
Other	9,871,214	20.2%	21.3%	-1.2%

Assignable space is categorized by program use category, utilizing the Program Classification Structure developed by the National Center for Higher Education Management System. The classification system includes 10 program areas, but the majority of space falls into four program areas: instruction, research, student services, and public service. These four program areas account for nearly 80% of all the assignable space. The student services share, which includes areas that support students’ physical, emotional, and intellectual development in facilities such as student centers and wellness facilities outside of formal, scheduled instruction, increased 1,209,810 SF, or 6.5% from 2015. The public service share, which includes activities established to make available to the public the various resources and capabilities of the institution for the specific purpose of responding to a community need or solving a community problem, increased 307,613 SF or 22.4%. All other program areas saw moderate increases in SF over the period: Instruction, 217,065 SF or 1.9%; Research, 161,752 or 2.9%.

Every room on every campus is also assigned a Room Use Code as defined by the Higher Education Facilities Inventory and Utilization Manual (7th edition). A detailed list of room use codes is on pages 61-62. Figure 8 shows the classification of assignable space by room use code.

The single largest category of assignable space is for residential facilities, with 12.1M SF, or 25% of all space, assigned to this room use code. This represents an increase of 629,304 SF, or 5.5%, since 2015. Office space is the second largest room use category at 10.7M SF, or 22% of all assignable space. Office space has increased by 622,423 SF, or 6.1% since 2015. Together, these two categories account for nearly 50% of the assignable space. All other areas have seen negligible increase in assignable space and proportionally remain the same. For additional details on specific program and subprogram uses and specific details for each campus, see pages 39-57 and 89-101 in the study.

Figure 8 - Assignable Square Feet by Room Use Code, 2019



Source: Table 15

### Building Characteristics

Excluding UNC Hospitals, the UNC System has 89.4 million gross square feet of space comprised of 2,997 buildings and a total estimated replacement value of more than \$27.3B. The building characteristics primarily focus on the physical attributes of the building including ownership, building use, fund type, age, and building condition. The chart below shows the general characteristics of all buildings in the UNC System.

UNC System Building Characteristics	
2,997 Total Buildings	
	2,487 Owned
1,925 Appropriated	157 Leased
1,072 Non-Appropriated	353 Other Agreement
<u>2,997 Total</u>	<u>2,997 Total</u>



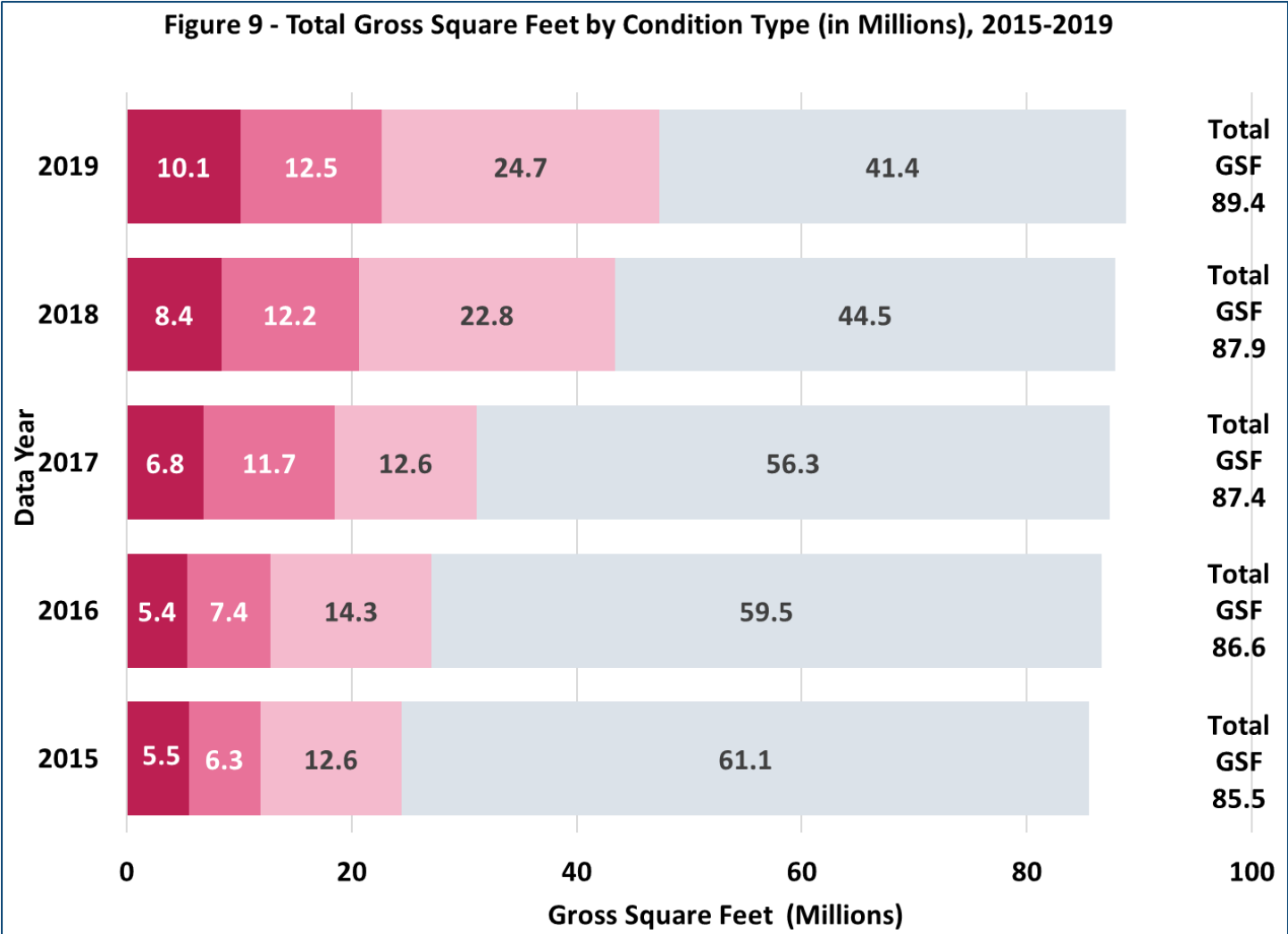
One important building characteristic is building condition. This indicates the extent to which existing facilities are in sound operating order, functioning as originally intended. Building condition categories are listed in the chart below.

<div></div> Condition Code 1 - Satisfactory - Suitable for continued use with normal maintenance	<div></div> Condition Code 4 - Remodeling C - More than 50% of the estimated replacement cost of the building
<div></div> Condition Code 2 - Remodeling A - Less than 25% of the estimated replacement cost of the building	<div></div> Condition Code 5 - Demolition - Identified for demolition, typically because they are unsafe or unsound
<div></div> Condition Code 3 - Remodeling B - Between 25% and 50% of the estimated replacement cost of the building	<div></div> Condition Code 6 - Termination - No longer in use for reasons other than condition

Buildings which are in Condition 3 or 4 are generally older and require major renovation to repair or replace building systems that are reaching end-of-life or are obsolete. These condition categories do not incorporate costs associated with modifying facilities to meet current program needs which change over time. Funding for repairs and renovations permits the useful life of these facilities to be extended and preserves the value of significant assets.

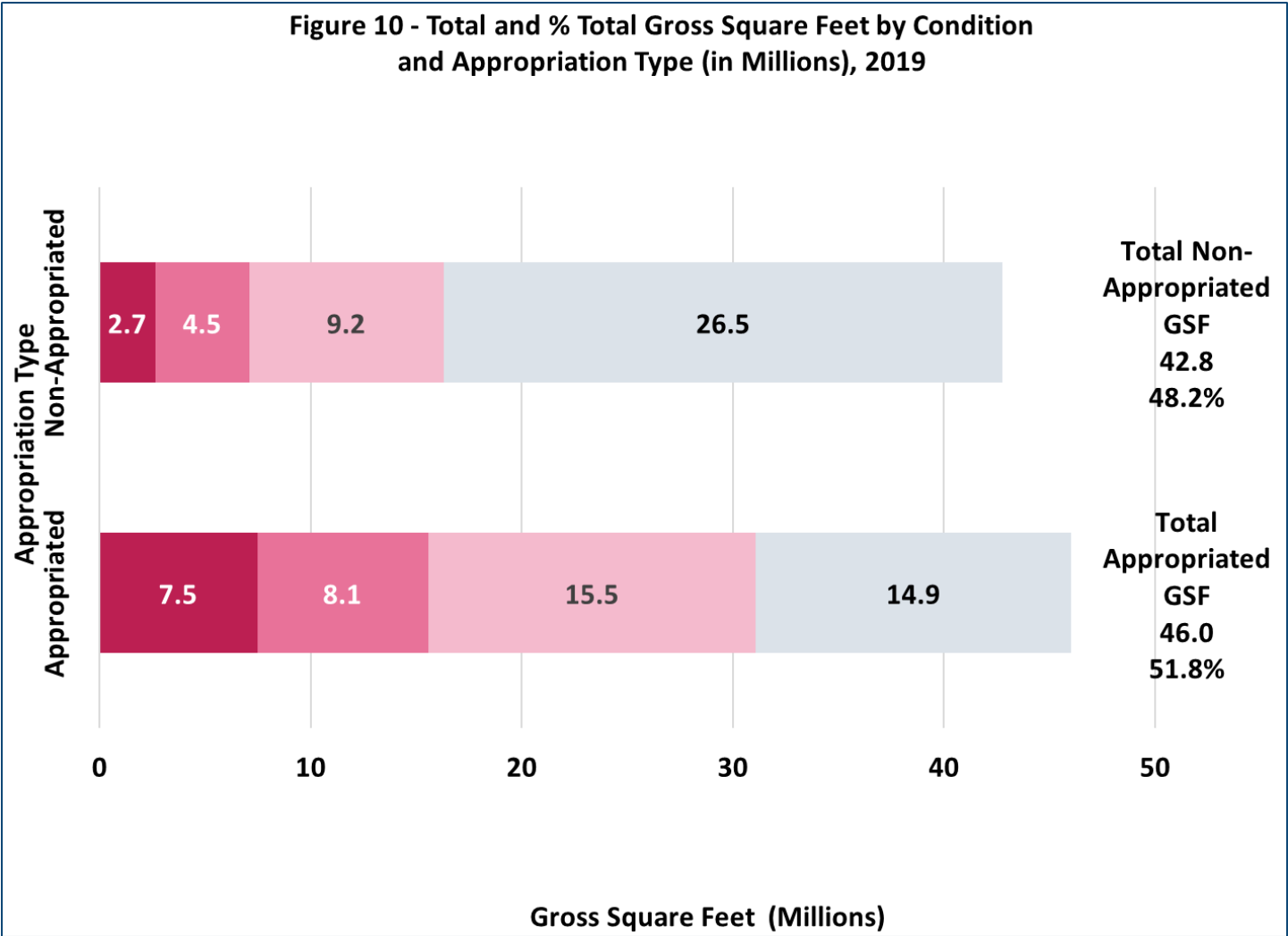
Condition 5 designates facilities that have been identified for demolition, typically because they are unsafe or unsound, while Condition 6 indicates facilities that are no longer in use for reasons other than condition.

Figure 9 illustrates the GSF and condition type from 2015 to 2019. The GSF in Conditions 3 and 4 has increased by 6,212,724 and 4,606,578, or 98% and 84% respectively since 2015, accounting for more than 20% of the 2019 GSF. Deferred maintenance will continue to increase exponentially if deteriorating building conditions are not addressed in a timely manner. Building Condition Codes 5 (Demolition) and 6 (Termination) are excluded from the figures.



Source: Table 22

Figure 10 illustrates the GSF by funding type. While state funding can be allocated to address repairs and renovations in appropriated buildings, other sources of funding, including donations, trust funds, or self-liquidating debt, must be identified for non-appropriated buildings. Adequate capital funding to address chronic deferred maintenance continues to be the primary challenge for all campuses.

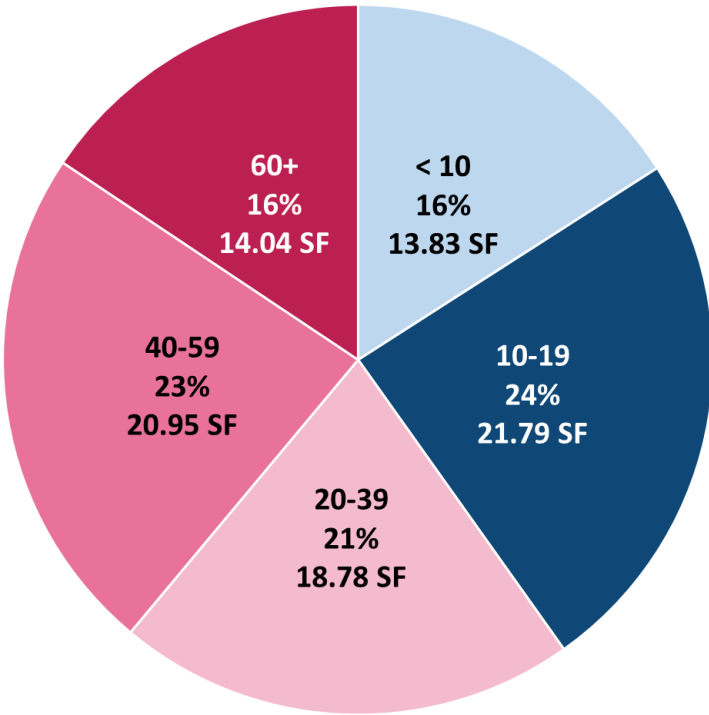


Source: Table 22 (GSF Only)

Another primary building characteristic is the age of buildings. As buildings age, the building systems wear out, reach the end of their useful life, or become harder to repair and maintain due to obsolescence. Failure to plan for timely replacement of systems often lead to building system failures and costly emergency repairs. On the next page, Figure 11 illustrates the age of buildings and Figure 12 provides a further breakdown by appropriation type.

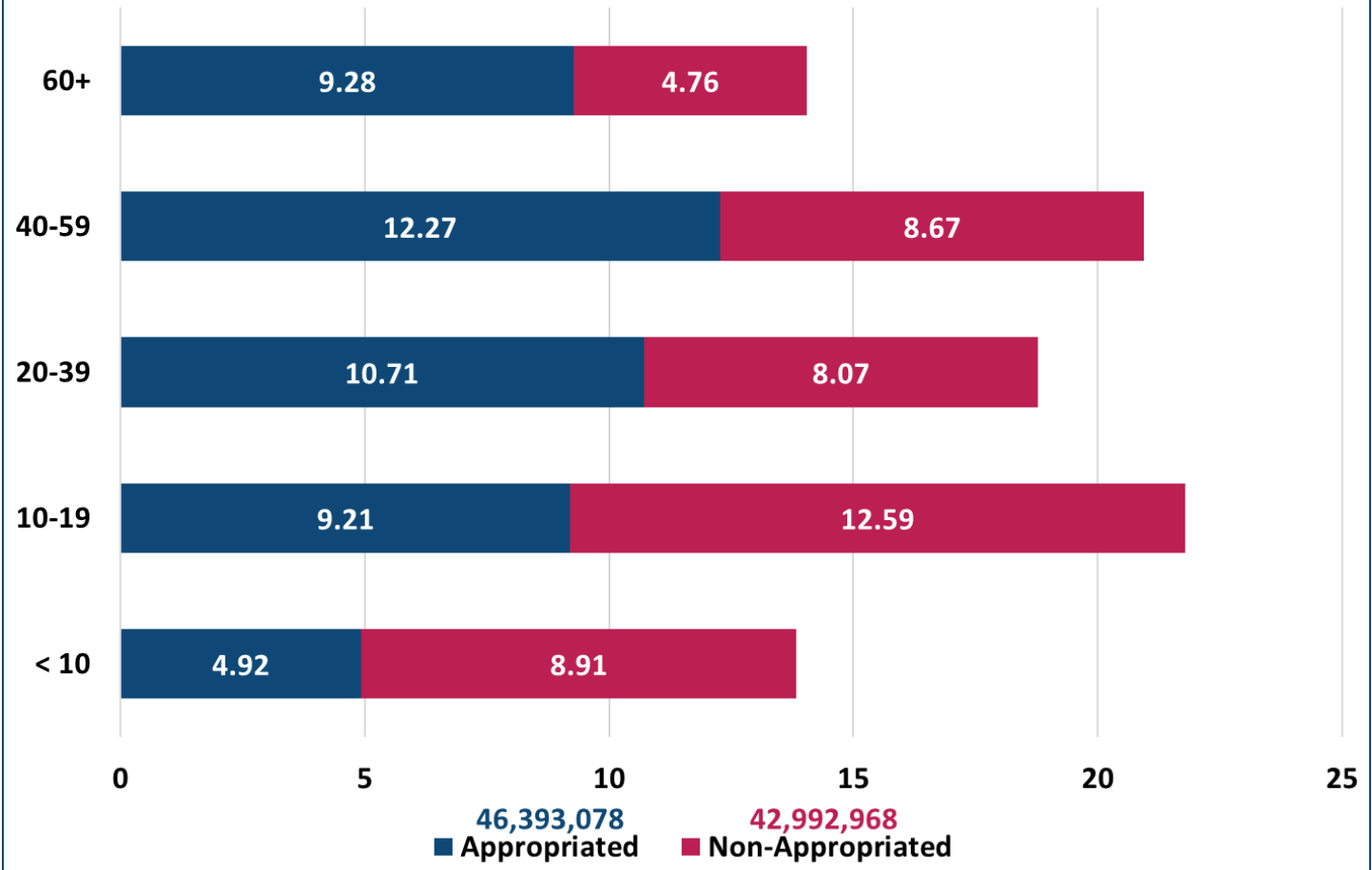
Further details regarding building characteristics, including a breakdown by campus, are on pages 77-83 in the study.

Figure 11 - Age of Buildings (Years), GSF (in Millions)



Source: Table 21

Figure 12 - 2019 Age of Buildings by Appropriation Type, GSF (in Millions)



Source: Table 21 (GSF Only)

**AGENDA ITEM**

A-10. Capital Improvement Projects – Appalachian, ECU, ECSU, NC State, UNC-Chapel Hill,  
UNC Charlotte, and UNC Pembroke..... Katherine Lynn

- Situation:** Appalachian State University, North Carolina State University, University of North Carolina at Chapel Hill, and University of North Carolina at Charlotte have requested new authorizations for 10 capital improvement projects. East Carolina University, Elizabeth City State University, North Carolina State University, University of North Carolina at Chapel Hill, and The University of North Carolina at Pembroke have requested increased authorization for six capital improvement projects.
- Background:** The Board of Governors may authorize capital construction projects at UNC System institutions using available funds.
- Assessment:** Appalachian State University, East Carolina University, Elizabeth City State University, NC State University, UNC-Chapel Hill, UNC Charlotte, and UNC Pembroke 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 – Appalachian, ECU, ECSU, NC State University, UNC-Chapel Hill, UNC Charlotte, and UNC Pembroke

### 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.

Seven UNC System institutions have requested sixteen capital improvement projects: ten new projects and six projects for increased authorization.

### I. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Appalachian State University</b>					
1.	Anne Belk Hall Envelope Repairs	\$1,000,000	\$0	\$1,000,000	Carry-forward
2.	Holmes Convocation Center Stairs and Entrance Repairs	\$1,000,000	\$0	\$1,000,000	Carry-forward
3.	Holmes Convocation Center Fire Alarm Replacement	\$1,031,676	\$0	\$1,031,676	Carry-forward
<i>Appalachian Subtotal</i>		<i>\$3,031,676</i>	<i>\$0</i>	<i>\$3,031,676</i>	
<b>North Carolina State University</b>					
4.	Translational Research Facility	\$6,777,542	\$0	\$6,777,542	Trust Funds
5.	Varsity Drive Parking Lot Expansion	\$5,500,000	\$550,000	\$4,950,000	Transportation and Parking
6.	Weight Room Modifications - Murphy Center	\$1,430,000	\$0	\$1,430,000	Athletics
<i>NC State Subtotal</i>		<i>\$13,707,542</i>	<i>\$550,000</i>	<i>\$13,157,542</i>	
<b>University of North Carolina at Chapel Hill</b>					
7.	Marsico Hall 9.4T MRI	\$3,000,000	\$139,400	\$2,860,600	Clinical Receipts
<i>UNC-Chapel Hill Subtotal</i>		<i>\$3,000,000</i>	<i>\$139,400</i>	<i>\$2,860,600</i>	
<b>University of North Carolina at Charlotte</b>					
8.	Campus Security Cameras - Phase 1	\$1,500,000	\$0	\$1,500,000	Campus Safety Student Fee (33%)/ Infrastructure Debt Fee (67%)
9.	Parking Deck Repairs	\$1,300,000	\$0	\$1,300,000	Transportation and Parking
10.	Parking Lot 25 Renewal	\$1,700,000	\$0	\$1,700,000	Transportation and Parking
<i>UNCC Subtotal</i>		<i>\$4,500,000</i>	<i>\$0</i>	<i>\$4,500,000</i>	
<b>Grand Total</b>		<b>\$24,239,218</b>	<b>\$689,400</b>	<b>\$23,549,818</b>	

## II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>East Carolina University</b>					
11.	Chilled Water Infrastructure Extension - Main Campus-McGinnis to Wright	\$2,985,487	\$1,685,487	\$1,300,000	Carry-forward
<i>ECU Subtotal</i>		<i>\$2,985,487</i>	<i>\$1,685,487</i>	<i>\$1,300,000</i>	
<b>Elizabeth City State University</b>					
12.	UAS Drone Facility	\$1,500,000	\$1,000,000	\$500,000	Donations and Gifts
<i>ECSU Subtotal</i>		<i>\$1,500,000</i>	<i>\$1,000,000</i>	<i>\$500,000</i>	
<b>North Carolina State University</b>					
13.	Equine CT Room Renovation	\$900,000	\$600,000	\$300,000	Donations and Gifts
<i>NC State Subtotal</i>		<i>\$900,000</i>	<i>\$600,000</i>	<i>\$300,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
14.	Taylor Air Flow Reduction Energy Project	\$1,656,841	\$580,000	\$1,076,841	Carry-forward (97%)/ F&A (3%)
15.	Thurston Bowles Air Flow Reduction Energy Project	\$2,478,000	\$1,650,000	\$828,000	Carry-forward (94%)/ F&A (6%)
<i>UNC-Chapel Hill Subtotal</i>		<i>\$4,134,841</i>	<i>\$2,230,000</i>	<i>\$1,904,841</i>	
<b>The University of North Carolina at Pembroke</b>					
16.	American Indian Heritage Center Project	\$1,384,000	\$743,166	\$640,834	Carry-forward
<i>UNCP Subtotal</i>		<i>\$1,384,000</i>	<i>\$743,166</i>	<i>\$640,834</i>	
<b>Grand Total</b>		<b>\$10,904,328</b>	<b>\$6,258,653</b>	<b>\$4,645,675</b>	

## RECOMMENDATION

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

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

### III. REPORTING

The following projects are being reported to the Board of Governors and Fiscal Research Division in compliance with GS 143C-8-13 (d) which permits Chancellors to authorize Repairs and Renovation projects less than \$600,000 in thirteen allowable categories.

Institution/Project Title		Amount	Fund Source	R&R Category
<b>North Carolina Central University</b>				
1.	Physical Plant Boiler #1	\$434,036	Carry-forward	4 - Repairs to or installation of new electrical, plumbing and heating, ventilating, and air-conditioning systems
2.	Farrison-Newton Chiller Replacement	\$370,197	Carry-forward	4 - Repairs to or installation of new electrical, plumbing and heating, ventilating, and air-conditioning systems
3.	Pearson Dining Hall Roof Restoration	\$384,845	Dining Receipts	1 - Roof repairs and replacements
<b>University of North Carolina at Asheville</b>				
4.	Sherrill Center Parking Deck Repairs	\$340,000	Carry-forward	2 - Structural repairs

## AGENDA ITEM

A-11. Disposition of Property by Demolition – Appalachian State University..... Katherine Lynn

<b>Situation:</b>	The Appalachian State University Board of Trustees requests authorization to dispose of property by demolition of Bowie and Eggers Residence Halls. The demolition of the two residential halls is required to support construction of Phase 3 of the public-private partnership (P3) student housing project.
<b>Background:</b>	The board of trustees approved the demolition of the existing Bowie and Eggers Residence Halls on September 24, 2021. Bowie and Eggers Residence Halls are both nine-story residential buildings. Built in 1966, Bowie Hall is 52,520 GSF and has 280 beds. Eggers Hall is 52,759 GSF was constructed in 1970 and has 280 beds. The demolition of the two residence halls (560 total beds) is required to complete the final phase of the new student housing project, which is scheduled to open fall 2022.
<b>Assessment:</b>	The demolition of Bowie and Eggers Residence Halls is required to accommodate construction of Phase 3 of the new student housing project.
<b>Action:</b>	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.



## Disposition of Property by Demolition – Appalachian State University

### 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 Appalachian State University Board of Trustees requests authorization to demolish two structures located on the main campus:

<u>STRUCTURE</u>	<u>GSF</u>	<u>YEAR BUILT</u>	<u>Number of Student Beds</u>
1. Bowie Residence Hall	+/- 52,520	1966	280
2. Eggers Residence Hall	+/- 52,759	1970	280

The demolition of the existing buildings is required to support construction of Phase 3 of the new student housing project in the same area. Phase 3 will include 750 beds (semi-suite, two double occupancy rooms with shared bathroom) and 275 surface parking spaces. The project is scheduled to be completed fall 2022.

Appalachian State University researched the cost to renovate the existing residence halls and determined that it would be more cost effective to replace the existing building with new buildings due to the current condition of the facilities and the modifications required to meet current building code and campus design standards.

The cost of demolition is included in the P3 contract.

### RECOMMENDATION

It is recommended that the Board of Governors approve this request. This item requires approval by the North Carolina Council of State.

**RESOLUTION OF THE APPALACHIAN STATE UNIVERSITY BOARD OF TRUSTEES  
AUTHORIZING DEMOLITION OF BOWIE RESIDENCE HALL AND EGGERS RESIDENCE  
HALL IN CONJUNCTION WITH THE DEVELOPMENT OF PHASE III OF THE P3 STUDENT  
HOUSING PROJECT**

**WHEREAS**, the Appalachian State University Board of Trustees on March 16, 2018 adopted a resolution endorsing the use of a public-private partnership to construct new student housing at Appalachian State University; and

**WHEREAS**, Appalachian subsequently contracted with private partners for the development of an on-campus student housing village consisting of approximately 2,100 beds of student housing, parking, dining, and related infrastructure (the "Project") on Appalachian's Millennial Campus, to be developed in three (3) Phases; and

**WHEREAS**, final development of the Project's Phase III improvements will require the demolition of Bowie Residence Hall and Eggers Residence Hall, with the beds from each being replaced as part of the Project; and

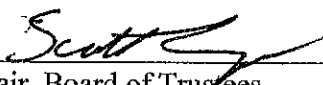
**WHEREAS**, under North Carolina law, approval for the demolition of State property must first be approved by the North Carolina State Property Office, and ultimately by the North Carolina Council of State.

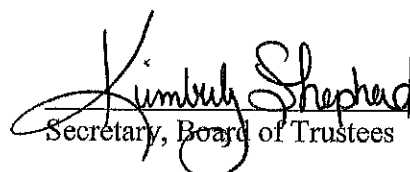
**NOW THEREFORE, BE IT RESOLVED** by the Appalachian State University Board of Trustees as follows:

1. The Board of Trustees approves the PO-2 State Property Office form to begin the formal State of North Carolina approval process for the demolition of Bowie Residence Hall and Eggers Residence Hall, respectively, as part of Appalachian's P3 Student Housing Project.
2. All previous actions taken by the Board of Trustees or other duly authorized Appalachian representatives in connection with the approval of the Project that are not in conflict with this resolution are hereby ratified and approved.
3. This Resolution shall take effect immediately upon its passage.

**ADOPTED AND APPROVED** this 24<sup>th</sup> day of September, 2021.

**THE BOARD OF TRUSTEES OF  
APPALACHIAN STATE UNIVERSITY**

 (signature)  
Chair, Board of Trustees

 (signature)  
Secretary, Board of Trustees

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
DISPOSITION OF REAL PROPERTY**

Institution or Agency: Appalachian State University

Date: 24 September 2021

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)*. Demolition

This disposition is recommended for the following reasons:

**Appalachian State University ("University") is requesting the demolition of Bowie Residence Hall, a 55-year-old building used for student housing.**

The University researched the renovation of the existing facility as a part of developing a master plan for student housing. It was determined to be more cost effective to raze the building and replace it with new construction compared to renovating the existing facility due to the current condition of the facility and the work required to bring the building up to current building code and campus design standards.

In 2014, the University completed a study for a renovation of a similar residence hall on the University campus with an estimate cost of renovation at over \$114,000 per bed. The construction cost for new replacement facilities through the P3 is approximately \$ 71,000 per bed. The University is expanding its on-campus student housing utilizing a Public-Private Partnership, ("P3") led by its developer partner, RISE. The entire P3 housing project (which noted the need to demolish Bowie Residence Hall as part of the phased development) has previously been approved by all applicable State authorities. Phases 1 and 2 of the project are complete and Phase 3, which is currently underway, will replace the 280 beds previously provided in Bowie Hall. Demolition of Bowie Hall is being requested as part of Phase 3 of the project in order to provide surface parking on land currently occupied by Bowie Hall.

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

Built in 1966, Bowie Hall is a 9-story residence hall with 52,520 GSF and 43,934 assignable square feet. It is located at 262 Jack Branch Drive (formerly 418 Stadium Heights Drive) in Boone, NC, 28608. It occupies a portion of Watauga County parcel 2900-66-0216-000. Bowie Hall's fixed asset number is #00257475.

Estimated value: Insured for \$19,596,131 replacement value in 2020.

Where deed is filed, if known: Watauga County, a portion of 2900-66-0216-000

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

N/A

Rental income, if applicable, and suggested terms:

N/A

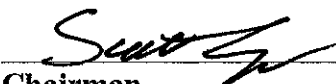
Funds from the disposal of this property are recommended for the following use:

N/A

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board of Appalachian State University and is recorded in the minutes thereof on September 24, 2021.

Signature:  
Title:

  
Chairman

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
DISPOSITION OF REAL PROPERTY**

Institution or Agency: Appalachian State University

Date: 24 September 2021

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). Demolition

This disposition is recommended for the following reasons:

Appalachian State University ("University") is requesting the demolition of Eggers Residence Hall, a 51-year-old building used for student housing.

The University researched the renovation of the existing facility as a part of developing a master plan for student housing. It was determined to be more cost effective to raze the building and replace it with new construction compared to renovating the existing facility due to the current condition of the facility and the work required to bring the building up to current building code and campus design standards.

In 2014, the University completed a study for a renovation of a similar residence hall on the University campus with an estimate cost of renovation at over \$114,000 per bed. The construction cost for new replacement facilities through the P3 is approximately \$ 71,000 per bed. The University is expanding its on-campus student housing utilizing a Public-Private Partnership, ("P3") led by its developer partner, RISE. The entire P3 housing project (which noted the need to demolish Eggers Residence Hall as part of the phased development) has previously been approved by all applicable State authorities. Phases 1 and 2 of the project are complete and Phase 3, which is currently underway, will replace the 280 beds previously provided in Eggers Hall. Demolition of Eggers Hall is being requested as part of Phase 3 of the project in order to provide surface parking on land currently occupied by Eggers Hall.

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

Built in 1970, Eggers Hall is a 9-story residence hall with 52,759 GSF and 43,836 assignable square feet. It is located at 264 Jack Branch Drive (formerly 388 Stadium Heights Drive) in Boone, NC, 28608. It occupies a portion of Watauga County parcel 2900-66-0216-000. Eggers Hall's fixed asset number is # 00257581

Estimated value: Insured for \$19,685,306 replacement value in 2021.

Where deed is filed, if known: Watauga County, a portion of 2900-66-0216-000

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

N/A

Rental income, if applicable, and suggested terms:

N/A

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

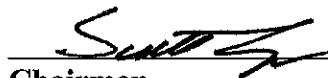
N/A

*(Complete if Agency has a Governing Board.)*

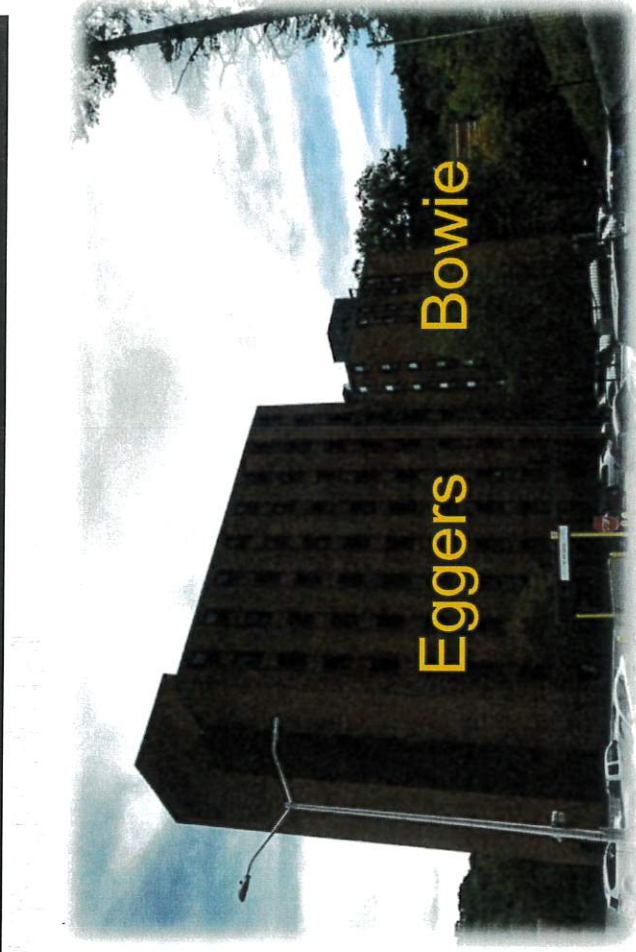
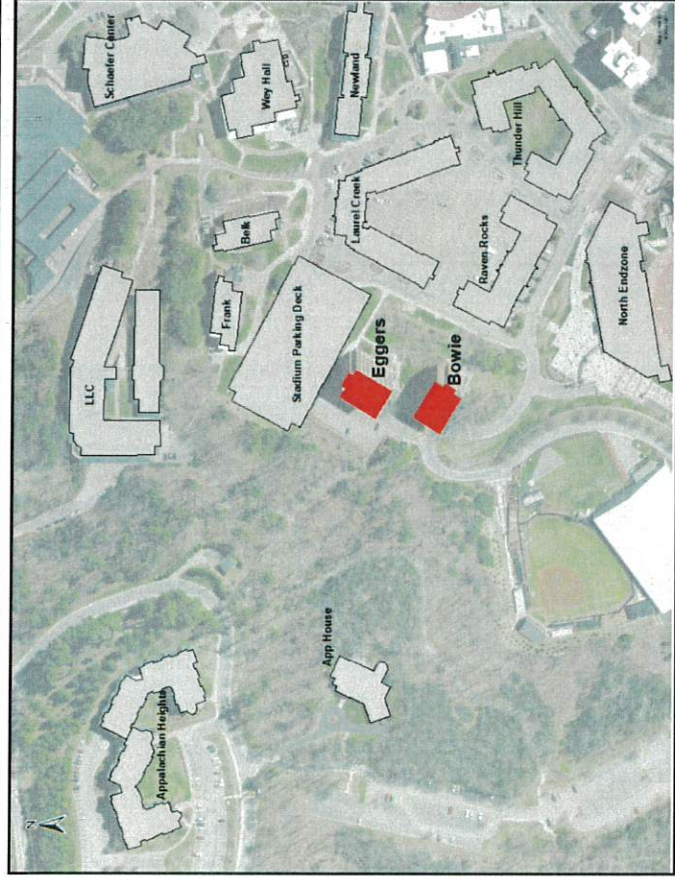
Action recommending the above request was taken by the Governing Board of Appalachian State University and is recorded in the minutes thereof on September 24, 2021.

Signature:

Title:

  
Chairman

# Proposed Demolition of Bowie and Eggers Residence Halls



**AGENDA ITEM**

A-12. Disposition of Property by Ground Lease and Disposition by Demolition  
(Historic Warehouse District) – East Carolina University ..... Katherine Lynn

**Situation:** The East Carolina University Board of Trustees requests the disposition of real property by ground lease for the purpose of developing additional properties in the Millennial Campus Warehouse District and disposition of up to eight buildings by demolition.

**Background:** East Carolina University proposes entering into a 25-year ground lease with two 25-year and one 24-year options-to-renew for a total of 13.7 acres which represents the remaining 7.31 acres in Leasing Zone 1 and 6.39 acres in Leasing Zone 2 of the Warehouse District. The length of this lease is consistent with the 99-year “estate for years” transaction previously authorized for three adjacent properties in the historic warehouse district involving the same developer. The 2.5 acres parcel was previously approved for ground lease. This request would ground lease the remaining 13.7 acres in Zones 1 and 2. The lease rate will be calculated based on the current assessed land value. The annual lease payments would be set based on the acreage to be leased with a cap rate of 4.75 percent for years one to five. Beginning in year six, the rate is increased annually by 1.5 percent for inflation.

East Carolina previously received Board approval on January 17, 2020, to dispose of three properties in the Historic Warehouse District through an Estate for Years transaction, and Board approval on July 23, 2020, to ground lease up to 2.5 acres in Leasing Zone 1. The current request would amend the previous ground lease request to include all property designated in Leasing Zones 1 and 2.

East Carolina University also proposes to demolish up to eight existing structures in Leasing Zones 1 and 2 as required by the developer to support future development.

**Assessment:** The disposition of the remaining property by ground lease is requested to support economic development in the Historic Warehouse District.

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

## **Disposition of Property by Ground Lease and Disposition by Demolition (Historic Warehouse District) – East Carolina University**

### **ISSUE OVERVIEW**

East Carolina University proposes to enter into a 25-year ground lease with two 25-year and one 24- year options-to-renew for up to 13.7 acres, which includes the remaining 7.31 acres in Leasing Zone 1 of the Warehouse District and 6.39 acres in Leasing Zone 2. The length of this lease is consistent with the 99-year “estate for years” transaction previously authorized for three adjacent properties in the historic warehouse district involving the same developer. The Board of Governors approved the “estate for years” transaction for the three historic parcels in January 2020.

The parcels to be leased to the developer would vary throughout the term of the lease but would not exceed 16.2 acres at any time. The lease rate will be calculated based on the current assessed land value. The annual lease payments would be set based on the acreage to be leased with a cap rate of 4.75 percent for years one to five. Beginning in year six, the rate is increased annually by 1.5 percent for inflation. All parcels to be leased would be the remaining property located in Leasing Zone 1 and Leasing Zone 2 as shown in the attached materials. The proposed lease rates for each parcel are also included. All parcels are located on the East Carolina University Millennial Campus Warehouse District. Funds received from the lease will be deposited into the Millennial Campus Fund.

East Carolina previously received Board approval on January 17, 2020, to dispose of three properties in the Historic Warehouse District through an “estate for years” transaction, and Board approval on July 23, 2020 to ground lease up to 2.5 acres in Leasing Zone 1. The current request would amend the previous ground lease request to include all property designated in Leasing Zone 1 and Leasing Zone 2.

East Carolina University also proposes to demolish up to eight existing structures in Leasing Zone 1 and Leasing Zone 2 as required by the developer to support future development. The eight structures include the following:

- Building #1 located at Clark Street & 11th Street is a ±10,126 SF brick & aluminum building built in 1915 in good condition.
- Building #2 located at 1101 Clark is a ±6,920 SF metal building built in 1993 in good condition.
- Building #3 located at 375 W. Eleventh Street is a ±12,825 SF metal building built in 2000 in good condition.
- Building #4 located at 1150 S. Greene Street is a ±10,400 SF metal building built in 1998 in good condition.
- Building #5 located at 1104 Clark Street is a ±21,200 SF metal building built in 1983 in good condition.
- Building #6 located at 1104 Clark Street is a ±9,258.59 metal building built in 1984 In good condition.
- Building #7 located at 1104 Clark Street is a ±103,000 SF metal building built in 1994 in good condition.
- Building #8 located at 223 W. Tenth Street is a ±8,158 SF brick building built in 1925 in poor condition.

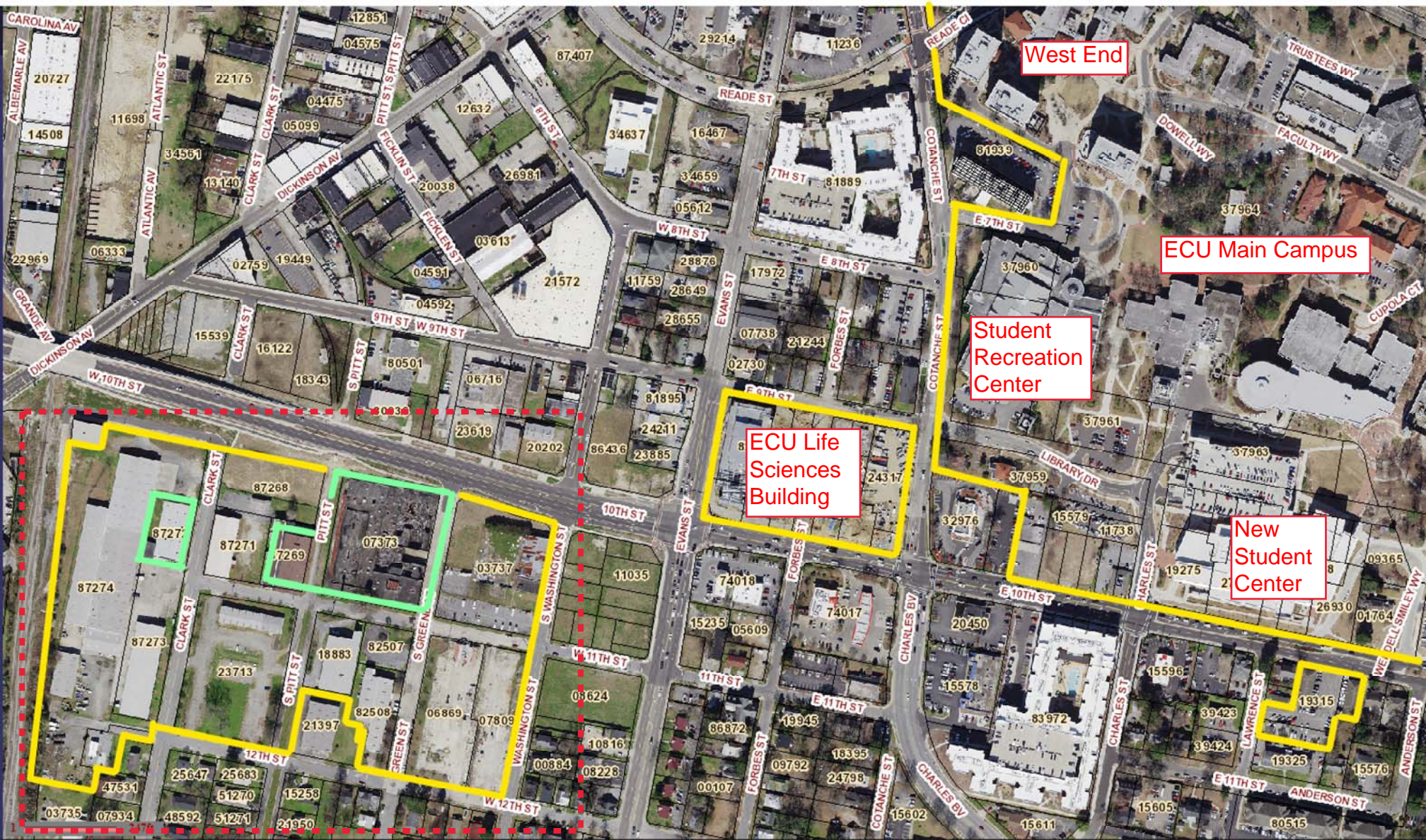
These two property matters are in support of the continued development and the historic building restoration currently underway on the ECU Millennial Campus through their developmental partner Pacesetter Land Company.

The disposition by ground lease was approved on November 12, 2021 by the East Carolina University Board of Trustees.

**RECOMMENDATION**

It is recommended that the Board of Governors approve the disposition of property by ground lease and demolition of up to eight structures.





State of NC / ECU Properties

ECU designated Millennial Campus - Warehouse District

(sold to) Intersect East Historic Properties, LLC for a period of 80 years, then reverts to the State of NC



**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
DISPOSITION OF REAL PROPERTY**

Institution or Agency: East Carolina University

Date: November 12, 2021

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)*. Ground Lease

This disposition is recommended for the following reasons:

**Ground lease University owned property to support the Historic Building Renovation on the East Carolina University Millennial Campus. ECU will ground lease property located on the millennial campus as depicted in the attachments to Pacesetter Land Company, LLC. The twenty-five (25) year ground lease will have two (2) twenty-five, and one (1) twenty-four (24) year optional renewals for up to a total of 13.7 acres which represents the remain 7.31 acres in Zone One (1) and the 6.39 acres in Zone Two (2)**

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

**Ground lease up to 13.7 acres which represent the remaining 7.31 acres in Zone One (1) and the 6.39 acres in Zone Two (2) of university owned property on the East Carolina University Millennial Campus Warehouse District. This request is a continuation of an ongoing project with previous approvals by the UNC BOG on January 17, 2020 and July 23, 2020 and is in support of the continued development and the historic building restoration currently underway on the ECU Millennial Campus through our developmental partner Elliott Sidewalk.**

Estimated value: See attached Leasing Schedule

Where deed is filed, if known: Pitt County

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

\_\_\_\_\_

Rental income, if applicable, and suggested terms: N/A

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

**ECU's Millennial Campus Account**

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board of Trustees and is recorded in the minutes thereof on November 12, 2021.

Signature:

  
Chancellor

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
DISPOSITION OF REAL PROPERTY**

Institution or Agency: East Carolina University

Date: November 12, 2021

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)*. Demolition

This disposition is recommended for the following reasons:

**Demolition is needed to support the Historic Building Renovation project on Millennial Campus of East Carolina University. Site to be ground leased to Pacesetter Land Company, LLC.**

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

Building #1 located at Clark Street & 11<sup>th</sup> Street is a ±10,126 SF brick & aluminum building built in 1915 in good condition.

Building #2 located at 1101 Clark is a ±6,920 SF metal building built in 1993 in good condition.

Building #3 located at 375 W. Eleventh Street is a ±12,825 SF metal building built in 2000 in good condition.

Estimated value: \_\_\_\_\_

Where deed is filed, if known: Pitt County

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

\_\_\_\_\_

Rental income, if applicable, and suggested terms:

N/A

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

N/A

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board of Trustees and is recorded in the minutes thereof on November 12, 2021 (date)

Signature: \_\_\_\_\_

  
Philip Rogers  
Chancellor

Building #4 located at 1150 S. Greene Street is a ±10,400 SF metal building built in 1998 in good condition.

Building #5 located at 1104 Clark Street is a ±21,200 SF metal building built in 1983 in good condition.

Building #6 located at 1104 Clark Street is a ±9,258.59 metal building built in 1984 in good condition.

Building #7 located at 1104 Clark Street is a ±103,000 SF metal building built in 1994 in good condition.

Building #8 located at 223 W. Tenth Street is a ±8,158 SF brick building built in 1925 in poor condition.





Sign in

ECU Life Sciences

The Hammock Factory

Building #4

1 acre ground lease

Building #6

Building #8

Prizery

Stemmary

Building #2

Building #3

IT and Offices

Building #1

Building #5

Building #7

Leasing Zone 1

Leasing Zone 2

Severance

Intersect East Historic Properties, LLC

Google



Parcel Numbers	Addresses	Zone	Acres	Appraised Valuations		Initial Offers		Revised Offer
				Andy Piner	Coastal	ECU	ESC	ECU
18883, 82507, 82508	Greene St	1	1.64	1,207,000	1,315,000	1,315,000	1,173,000	1,244,000
23713	1101 Clark St	1	2.31	1,142,000	2,170,000	2,170,000	1,652,000	1,911,000
06869 & 07809	1100 S Washington St	1	2.37	1,172,000	1,914,000	1,914,000	1,718,000	1,816,000
03737	223 W 10th St	1	1.91	1,414,000	1,686,000	1,686,000	1,576,000	1,631,000
01872	1003 Clark St	1	1.58	693,000	1,781,000	1,781,000	1,200,000	1,490,500
09098, 13099	Clark St	2	6.39	2,852,000	2,200,000	2,852,000	2,500,000	2,676,000
			16.20	8,480,000	11,066,000	11,718,000	9,819,000	10,768,500

									Revised ECU Offer
									MV per Acre
ZONE	1	9.81	5,628,000	8,866,000	8,866,000	7,319,000	8,092,500		824,924
ZONE	2	6.39	2,852,000	2,200,000	2,852,000	2,500,000	2,676,000		418,779
		16.20	8,480,000	11,066,000	11,718,000	9,819,000	10,768,500		664,722

Terms:

99 years, unless shorter length requested by ESC

4.75% cap rate

1.5% inflation rate to begin 5 years from date first ground lease signed

Lease schedule approved by the ECU BOT, June 18, 2020 and the UNC BOG, July 23, 2020

## Ground Lease Financial Terms

### Zone 1 Ground Lease Payment Calculations

Ground Lease Valuation Start Date	2/1/2021
Ground Lease Cap Rate	4.75%
Inflation Rate	1.50%
Inflation Begins After Year	5
Zone 1 - Total Acreage	9.81
Valuation Per Acre - Zone 1	824,924

Ground Lease Measurement Date	Zone 1 - Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2021	\$824,924	\$39,184
2/1/2022	\$824,924	\$39,184
2/1/2023	\$824,924	\$39,184
2/1/2024	\$824,924	\$39,184
2/1/2025	\$824,924	\$39,184
2/1/2026	\$837,298	\$39,772
2/1/2027	\$849,857	\$40,368
2/1/2028	\$862,605	\$40,974
2/1/2029	\$875,544	\$41,588
2/1/2030	\$888,677	\$42,212
2/1/2031	\$902,008	\$42,845
2/1/2032	\$915,538	\$43,488
2/1/2033	\$929,271	\$44,140
2/1/2034	\$943,210	\$44,802
2/1/2035	\$957,358	\$45,475
2/1/2036	\$971,718	\$46,157
2/1/2037	\$986,294	\$46,849
2/1/2038	\$1,001,089	\$47,552
2/1/2039	\$1,016,105	\$48,265
2/1/2040	\$1,031,346	\$48,989
2/1/2041	\$1,046,817	\$49,724
2/1/2042	\$1,062,519	\$50,470
2/1/2043	\$1,078,457	\$51,227
2/1/2044	\$1,094,634	\$51,995
2/1/2045	\$1,111,053	\$52,775
2/1/2046	\$1,127,719	\$53,567
2/1/2047	\$1,144,635	\$54,370
2/1/2048	\$1,161,804	\$55,186
2/1/2049	\$1,179,231	\$56,013
2/1/2050	\$1,196,920	\$56,854
2/1/2051	\$1,214,873	\$57,706
2/1/2052	\$1,233,097	\$58,572
2/1/2053	\$1,251,593	\$59,451

Ground Lease Measurement Date	Zone 1 - Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2054	\$1,270,367	\$60,342
2/1/2055	\$1,289,422	\$61,248
2/1/2056	\$1,308,764	\$62,166
2/1/2057	\$1,328,395	\$63,099
2/1/2058	\$1,348,321	\$64,045
2/1/2059	\$1,368,546	\$65,006
2/1/2060	\$1,389,074	\$65,981
2/1/2061	\$1,409,910	\$66,971
2/1/2062	\$1,431,059	\$67,975
2/1/2063	\$1,452,525	\$68,995
2/1/2064	\$1,474,313	\$70,030
2/1/2065	\$1,496,427	\$71,080
2/1/2066	\$1,518,874	\$72,147
2/1/2067	\$1,541,657	\$73,229
2/1/2068	\$1,564,782	\$74,327
2/1/2069	\$1,588,253	\$75,442
2/1/2070	\$1,612,077	\$76,574
2/1/2071	\$1,636,258	\$77,722
2/1/2072	\$1,660,802	\$78,888
2/1/2073	\$1,685,714	\$80,071
2/1/2074	\$1,711,000	\$81,272
2/1/2075	\$1,736,665	\$82,492
2/1/2076	\$1,762,715	\$83,729
2/1/2077	\$1,789,156	\$84,985
2/1/2078	\$1,815,993	\$86,260
2/1/2079	\$1,843,233	\$87,554
2/1/2080	\$1,870,881	\$88,867
2/1/2081	\$1,898,945	\$90,200
2/1/2082	\$1,927,429	\$91,553
2/1/2083	\$1,956,340	\$92,926
2/1/2084	\$1,985,685	\$94,320
2/1/2085	\$2,015,471	\$95,735
2/1/2086	\$2,045,703	\$97,171
2/1/2087	\$2,076,388	\$98,628
2/1/2088	\$2,107,534	\$100,108
2/1/2089	\$2,139,147	\$101,609
2/1/2090	\$2,171,234	\$103,134
2/1/2091	\$2,203,803	\$104,681
2/1/2092	\$2,236,860	\$106,251
2/1/2093	\$2,270,413	\$107,845
2/1/2094	\$2,304,469	\$109,462
2/1/2095	\$2,339,036	\$111,104
2/1/2096	\$2,374,121	\$112,771
2/1/2097	\$2,409,733	\$114,462



Ground Lease Measurement Date	Zone 1 - Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2098	\$2,445,879	\$116,179
2/1/2099	\$2,482,567	\$117,922
2/1/2100	\$2,519,806	\$119,691
2/1/2101	\$2,557,603	\$121,486
2/1/2102	\$2,595,967	\$123,308
2/1/2103	\$2,634,907	\$125,158
2/1/2104	\$2,674,430	\$127,035
2/1/2105	\$2,714,547	\$128,941
2/1/2106	\$2,755,265	\$130,875
2/1/2107	\$2,796,594	\$132,838
2/1/2108	\$2,838,543	\$134,831
2/1/2109	\$2,881,121	\$136,853
2/1/2110	\$2,924,338	\$138,906
2/1/2111	\$2,968,203	\$140,990
2/1/2112	\$3,012,726	\$143,104
2/1/2113	\$3,057,917	\$145,251
2/1/2114	\$3,103,785	\$147,430
2/1/2115	\$3,150,342	\$149,641
2/1/2116	\$3,197,597	\$151,886
2/1/2117	\$3,245,561	\$154,164
2/1/2118	\$3,294,245	\$156,477
2/1/2119	\$3,343,658	\$158,824
2/1/2120	\$3,393,813	\$161,206
2/1/2121	\$3,444,721	\$163,624
2/1/2122	\$3,496,391	\$166,079
2/1/2123	\$3,548,837	\$168,570
2/1/2124	\$3,602,070	\$171,098
2/1/2125	\$3,656,101	\$173,665
2/1/2126	\$3,710,942	\$176,270
2/1/2127	\$3,766,606	\$178,914
2/1/2128	\$3,823,106	\$181,598
2/1/2129	\$3,880,452	\$184,321
2/1/2130	\$3,938,659	\$187,086
2/1/2131	\$3,997,739	\$189,893

## Zone 2 Ground Lease Payment Calculations

Ground Lease Valuation Start Date	2/1/2021
Ground Lease Cap Rate	4.75%
Inflation Rate	1.50%
Inflation Begins After Year	5
Zone 1 - Total Acreage	6.39
Valuation Per Acre - Zone 1	418,779

Ground Lease Measurement Date	Zone 2- Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2021	\$418,779	\$19,892
2/1/2022	\$418,779	\$19,892
2/1/2023	\$418,779	\$19,892
2/1/2024	\$418,779	\$19,892
2/1/2025	\$418,779	\$19,892
2/1/2026	\$425,061	\$20,190
2/1/2027	\$431,437	\$20,493
2/1/2028	\$437,908	\$20,801
2/1/2029	\$444,477	\$21,113
2/1/2030	\$451,144	\$21,429
2/1/2031	\$457,911	\$21,751
2/1/2032	\$464,780	\$22,077
2/1/2033	\$471,751	\$22,408
2/1/2034	\$478,828	\$22,744
2/1/2035	\$486,010	\$23,085
2/1/2036	\$493,300	\$23,432
2/1/2037	\$500,700	\$23,783
2/1/2038	\$508,210	\$24,140
2/1/2039	\$515,833	\$24,502
2/1/2040	\$523,571	\$24,870
2/1/2041	\$531,424	\$25,243
2/1/2042	\$539,396	\$25,621
2/1/2043	\$547,487	\$26,006
2/1/2044	\$555,699	\$26,396
2/1/2045	\$564,035	\$26,792
2/1/2046	\$572,495	\$27,194
2/1/2047	\$581,083	\$27,601
2/1/2048	\$589,799	\$28,015
2/1/2049	\$598,646	\$28,436
2/1/2050	\$607,625	\$28,862
2/1/2051	\$616,740	\$29,295
2/1/2052	\$625,991	\$29,735
2/1/2053	\$635,381	\$30,181

Ground Lease Measurement Date	Zone 2- Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2054	\$644,911	\$30,633
2/1/2055	\$654,585	\$31,093
2/1/2056	\$664,404	\$31,559
2/1/2057	\$674,370	\$32,033
2/1/2058	\$684,486	\$32,513
2/1/2059	\$694,753	\$33,001
2/1/2060	\$705,174	\$33,496
2/1/2061	\$715,752	\$33,998
2/1/2062	\$726,488	\$34,508
2/1/2063	\$737,385	\$35,026
2/1/2064	\$748,446	\$35,551
2/1/2065	\$759,673	\$36,084
2/1/2066	\$771,068	\$36,626
2/1/2067	\$782,634	\$37,175
2/1/2068	\$794,373	\$37,733
2/1/2069	\$806,289	\$38,299
2/1/2070	\$818,383	\$38,873
2/1/2071	\$830,659	\$39,456
2/1/2072	\$843,119	\$40,048
2/1/2073	\$855,766	\$40,649
2/1/2074	\$868,602	\$41,259
2/1/2075	\$881,631	\$41,877
2/1/2076	\$894,856	\$42,506
2/1/2077	\$908,279	\$43,143
2/1/2078	\$921,903	\$43,790
2/1/2079	\$935,731	\$44,447
2/1/2080	\$949,767	\$45,114
2/1/2081	\$964,014	\$45,791
2/1/2082	\$978,474	\$46,478
2/1/2083	\$993,151	\$47,175
2/1/2084	\$1,008,048	\$47,882
2/1/2085	\$1,023,169	\$48,601
2/1/2086	\$1,038,517	\$49,330
2/1/2087	\$1,054,094	\$50,069
2/1/2088	\$1,069,906	\$50,821
2/1/2089	\$1,085,954	\$51,583
2/1/2090	\$1,102,244	\$52,357
2/1/2091	\$1,118,777	\$53,142
2/1/2092	\$1,135,559	\$53,939
2/1/2093	\$1,152,592	\$54,748
2/1/2094	\$1,169,881	\$55,569
2/1/2095	\$1,187,430	\$56,403
2/1/2096	\$1,205,241	\$57,249
2/1/2097	\$1,223,320	\$58,108

Ground Lease Measurement Date	Zone 2- Ground Lease Payment Calculations	
	Valuation Basis Per Acre	Annual Ground Lease Payment Per Acre
2/1/2098	\$1,241,669	\$58,979
2/1/2099	\$1,260,294	\$59,864
2/1/2100	\$1,279,199	\$60,762
2/1/2101	\$1,298,387	\$61,673
2/1/2102	\$1,317,863	\$62,598
2/1/2103	\$1,337,631	\$63,537
2/1/2104	\$1,357,695	\$64,491
2/1/2105	\$1,378,060	\$65,458
2/1/2106	\$1,398,731	\$66,440
2/1/2107	\$1,419,712	\$67,436
2/1/2108	\$1,441,008	\$68,448
2/1/2109	\$1,462,623	\$69,475
2/1/2110	\$1,484,563	\$70,517
2/1/2111	\$1,506,831	\$71,574
2/1/2112	\$1,529,433	\$72,648
2/1/2113	\$1,552,375	\$73,738
2/1/2114	\$1,575,661	\$74,844
2/1/2115	\$1,599,295	\$75,967
2/1/2116	\$1,623,285	\$77,106
2/1/2117	\$1,647,634	\$78,263
2/1/2118	\$1,672,349	\$79,437
2/1/2119	\$1,697,434	\$80,628
2/1/2120	\$1,722,895	\$81,838
2/1/2121	\$1,748,739	\$83,065
2/1/2122	\$1,774,970	\$84,311
2/1/2123	\$1,801,594	\$85,576
2/1/2124	\$1,828,618	\$86,859
2/1/2125	\$1,856,048	\$88,162
2/1/2126	\$1,883,888	\$89,485
2/1/2127	\$1,912,147	\$90,827
2/1/2128	\$1,940,829	\$92,189
2/1/2129	\$1,969,941	\$93,572
2/1/2130	\$1,999,490	\$94,976
2/1/2131	\$2,029,483	\$96,400

## AGENDA ITEM

A-13. Disposition of Property by Demolition – North Carolina Central University ..... Katherine Lynn

<b>Situation:</b>	The North Carolina Central University Board of Trustees requests authorization to dispose of property by demolition of Baynes Residence Hall. The demolition of the residential hall is required to support construction of the public-private partnership (P3) student housing project.
<b>Background:</b>	The board of trustees approved the demolition of the existing Baynes Residence Hall on November 14, 2018. Baynes Residence Hall is a one-story building constructed in 1966 and is 85,320 gross square feet. The new student housing project will replace approximately 400 beds and is scheduled to open in January 2022.
<b>Assessment:</b>	The demolition of Baynes Residence Hall is required to support construction of the public-private partnership (P3) new student housing project.
<b>Action:</b>	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

## **Disposition of Property by Demolition – North Carolina Central University**

### **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 North Carolina Central University Board of Trustees requests authorization to demolish Baynes Residence Hall. The nine-story structure was constructed in 1966 and is approximately 85,320 gross square feet. The building does not have central air conditioning and relies on window units for cooling. The existing 400+/- beds in Baynes Residence Hall will be replaced in the new housing project, which is scheduled to be completed in January 2022.

The demolition was approved by the Board of Trustees on November 14, 2018. The estimated value of Baynes Residence Hall is approximately \$27.5 million, and the cost of demolition is included in the P3 contract.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve this request. This item requires approval by the North Carolina Council of State.

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
DISPOSITION OF REAL PROPERTY**

Institution or Agency: **North Carolina Central University**

Date: **July 14<sup>th</sup>, 2021**

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)*. **Demolition**

This disposition is recommended for the following reasons:

**As part of the P3 development agreement for the Alston Ave, George St. and Lawson St. Student Housing Projects – to provide 1,274 new beds - Baynes Residence Hall (Asset #21) is to be demolished, yielding a net balance of 856 new beds from the P3 Projects.**

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

**This is a nine story brick building built in the 1960's. The building has no central air conditioned and relied on retro-fitted window units.**

Estimated value: **\$27,519,254.00**

Where deed is filed, if known: **Durham County Register of Deeds**

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

**State of North Carolina**

Rental income, if applicable, and suggested terms:

**N/A**

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

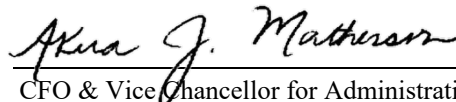
**N/A**

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board of **North Carolina Central University** and is recorded in the minutes thereof on **14<sup>th</sup> day of November, 2018** *(date)*.

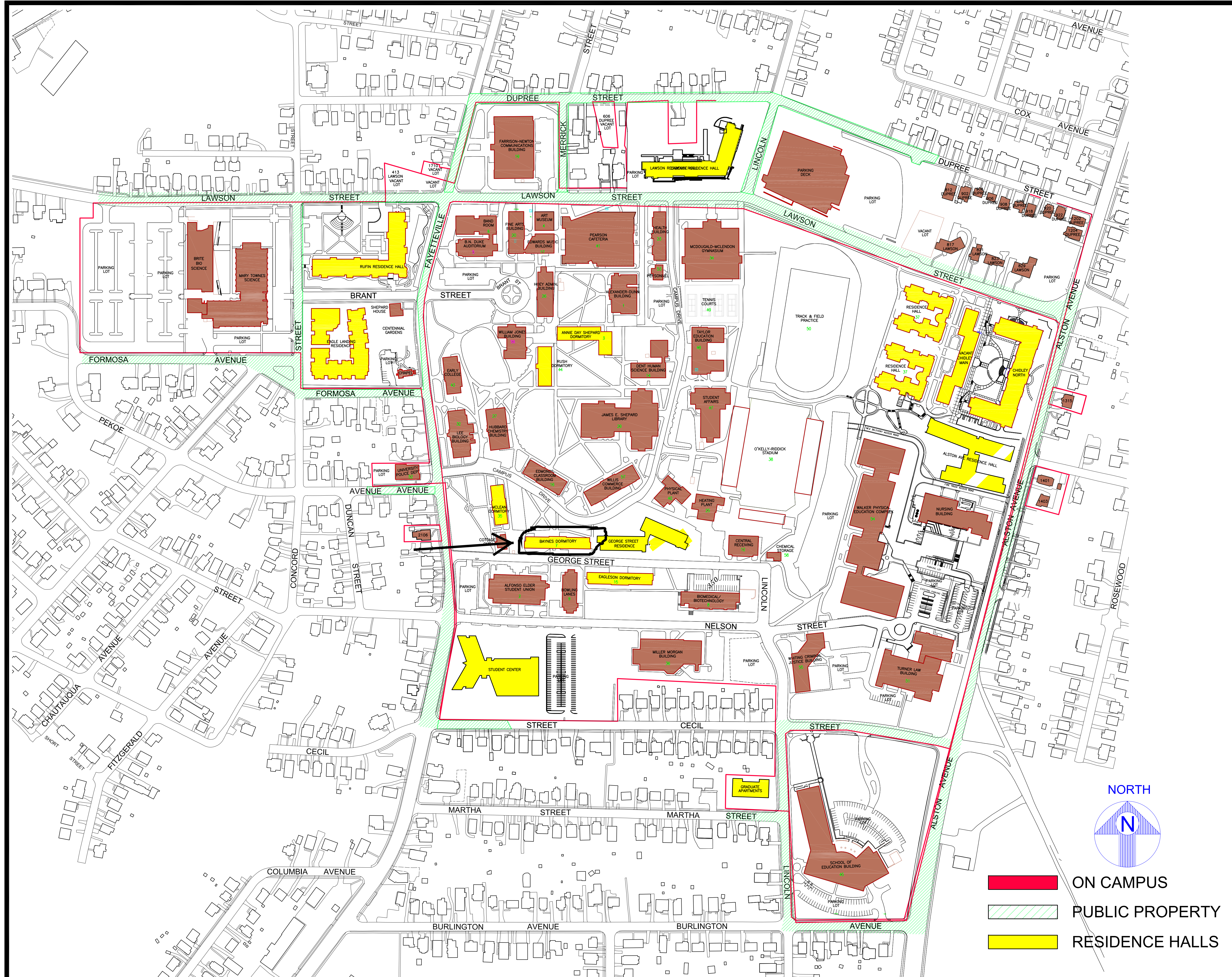
Signature:

Title:



CFO & Vice Chancellor for Administration and Finance





NC CENTRAL UNIVERSITY - CLERY GEOGRAPHY MAP: 2020-2021



**AGENDA ITEM**

## A-14. Disposition of Property by Ground Lease and Dedication as a Nature Preserve –

The University of North Carolina at Greensboro ..... Katherine Lynn

- Situation:** The University of North Carolina at Greensboro Board of Trustees requests the disposition of real property by ground lease to Alamance County in exchange for property management and monitoring services. In addition, the request includes designating the property as a nature preserve per G.S. 143B-135.264.
- Background:** UNC Greensboro proposes to enter into a 30-year ground lease with Alamance County for approximately 61 acres located near the Three College Observatory. The observatory is primarily used by UNC Greensboro. In exchange for the ground lease, Alamance County will monitor all activity, manage the property for conservation, and preserve the dark skies surrounding the observatory. Dedication as a nature preserve will allow the property to become a component of the surrounding Cane Creek Mountains Natural Area.
- Assessment:** The disposition by ground lease and dedication as a nature preserve is requested to optimize the use of the Three College Observatory telescope and ensure the surrounding area is properly monitored and supervised as an undeveloped, natural resource.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda. The dedication of property as a nature preserve requires approval of the Council of State.

## **Disposition of Property by Ground Lease and Dedication as a Nature Preserve – The University of North Carolina at Greensboro**

### **ISSUE OVERVIEW**

The University of North Carolina at Greensboro requests the disposition of real property by ground lease to Alamance County in exchange for property management and monitoring services. In addition, the request includes designating the property as a nature preserve per G.S. 143B-135.264.

UNC Greensboro proposes entering into a 30-year ground lease with Alamance County for four deeded parcels of approximately 61 acres at the Three College Observatory at the annual rate of \$1. The observatory is primarily used by UNC Greensboro. The property is forest land located in rural Alamance County. UNC Greensboro desires to keep the surrounding property undeveloped and “dark” to optimize the use of the observatory telescope. In exchange for the ground lease, Alamance County will survey the property and mark the boundaries; routinely monitor the property for trespassing, encroachments, and other illegal activities; and manage the property for conservation and passive recreational purposes under an approved management plan. The university proposes the cost of the lease to a local government entity at a rate below market value justified by the exchange for property management and monitoring services.

Alamance County desires to utilize the undeveloped portion of the property to construct hiking trails connecting to the adjacent Cane Creek Mountains Natural Area. Phase I of this area opened to the public in 2020.

Furthermore, G.S. 143B-135.264 provides for dedication of State-owned lands as nature preserves with approval from the North Carolina Council of State. The proposed dedication would make allowances for the university to continue operating the observatory, including using and maintaining the access road and periodically cutting or pruning the vegetation surrounding the observatory compound so it does not impede the telescope’s view. Dedication of the property as a nature preserve will ensure dark skies and allow the property to become a component of the surrounding Cane Creek Mountains Natural Area.

The terms of the lease will include the following key provisions:

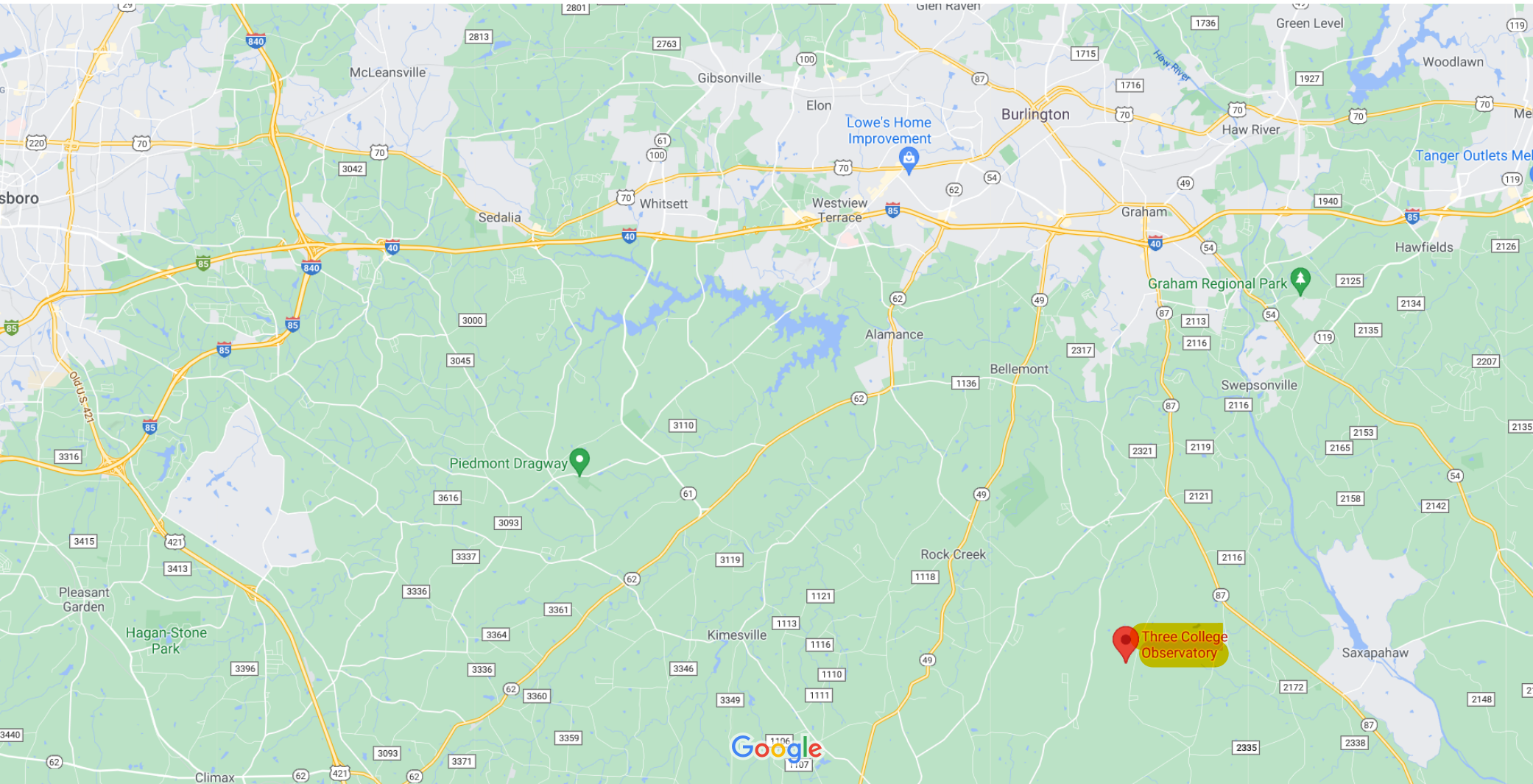
- Either party may terminate with one year’s written notice;
- Alamance County will be prohibited from erecting or placing any lighting on the property;
- All improvements, including trail locations, will require approval by UNCG and other applicable State agencies; and
- Alamance County must abide by the conditions of a nature preserve dedication, serve as a “secondary custodian” of the property and manage it according to an approved management plan.

The disposition by ground lease and dedication as a nature preserve is requested to optimize the use of the Three College Observatory telescope and ensure the surrounding area is properly monitored and supervised as an undeveloped, natural resource.

This item was approved by the University Space and Property Review Committee (USPRC) on August 16, 2021 and the UNC Greensboro Board of Trustees on September 30, 2021.

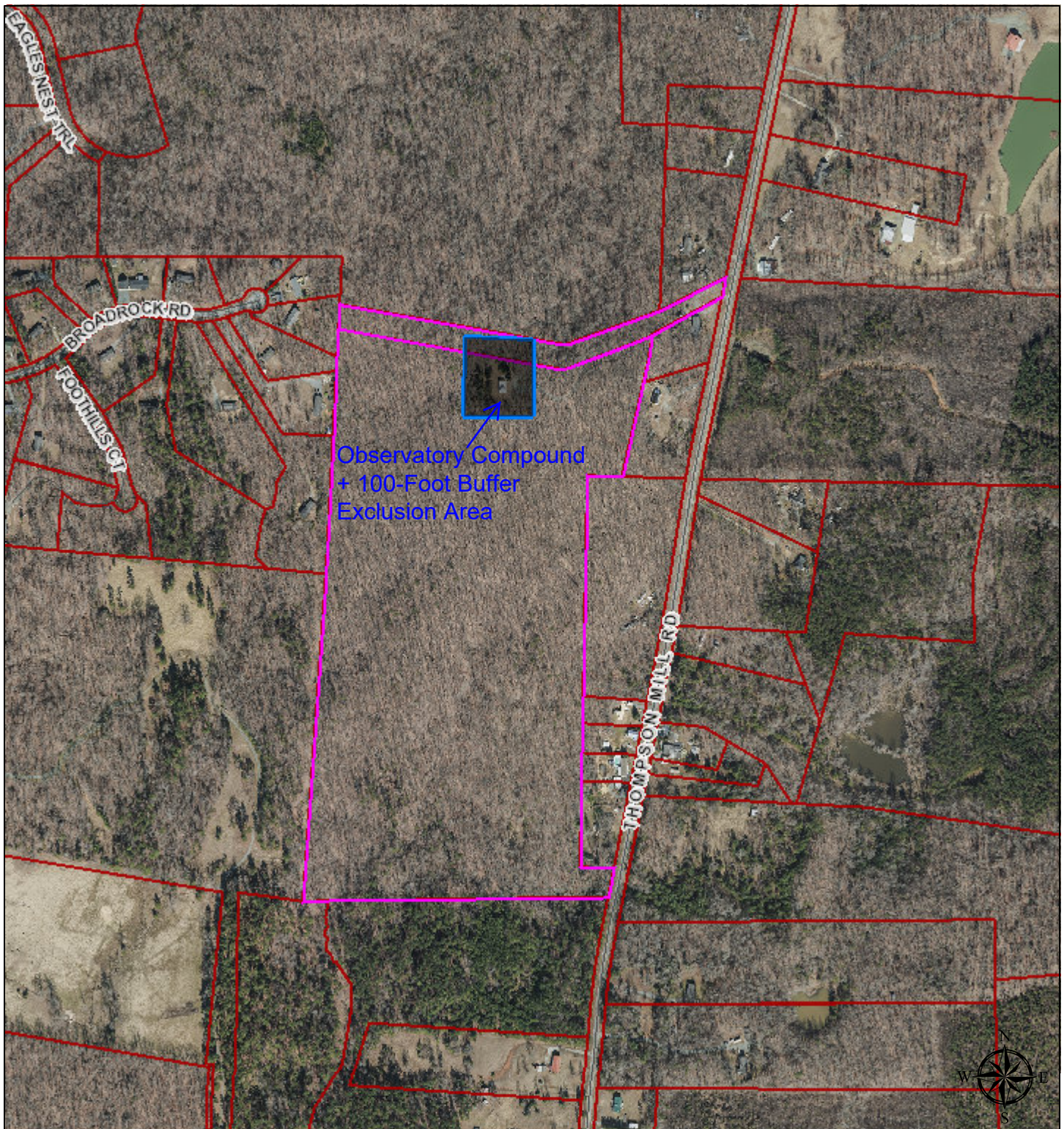
### **RECOMMENDATION**

It is recommended that the Board of Governors approve the disposition of property by ground lease and dedication as a nature preserve. The dedication of property as a nature preserve requires approval from the Council of State.





# Proposed Lease Area



October 27, 2021

Alamance County GIS

1:6,799

Three College Observatory Lease Area  
Approx. 60 acres, subject to survey

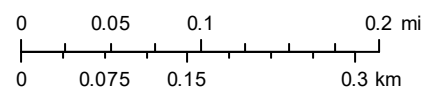
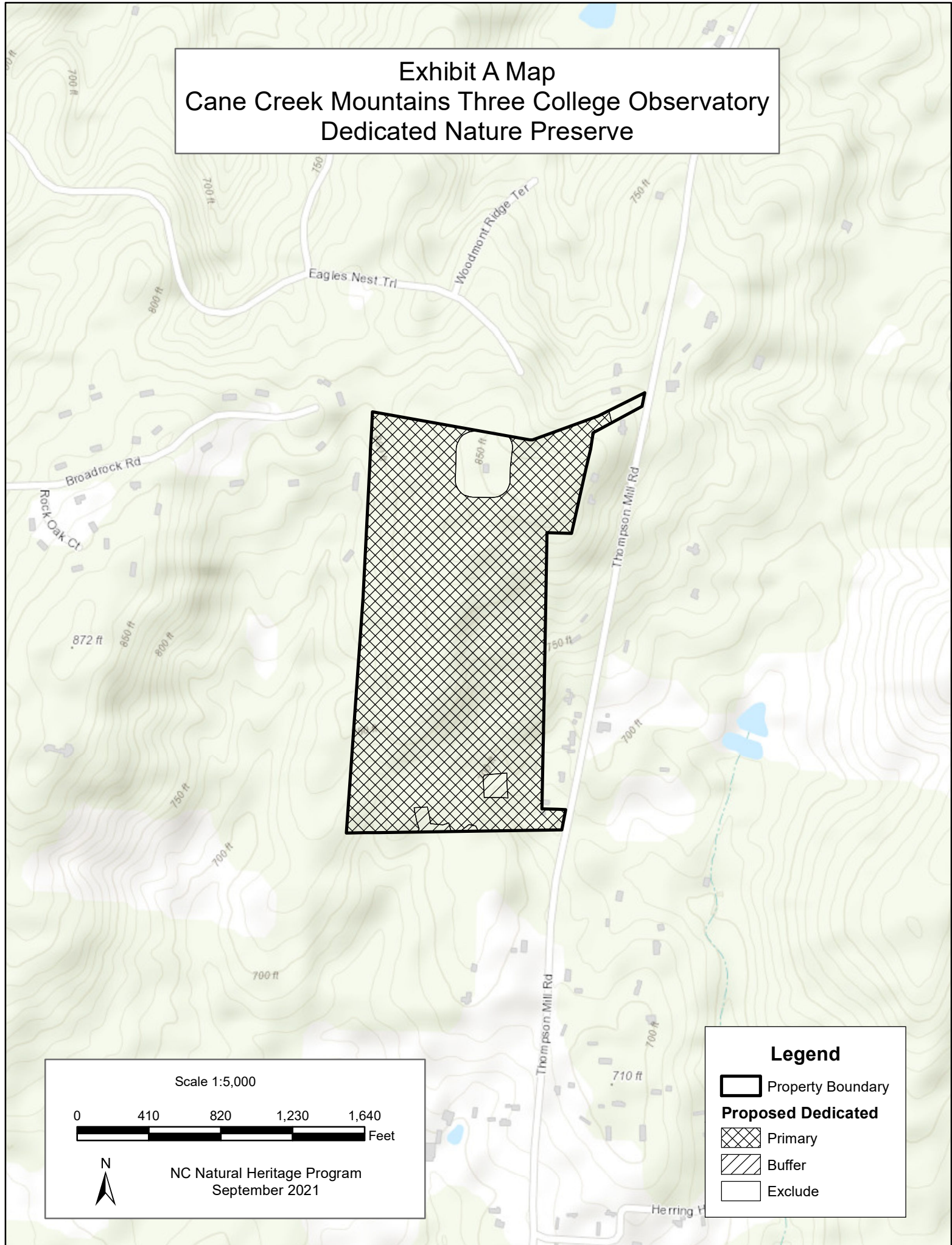
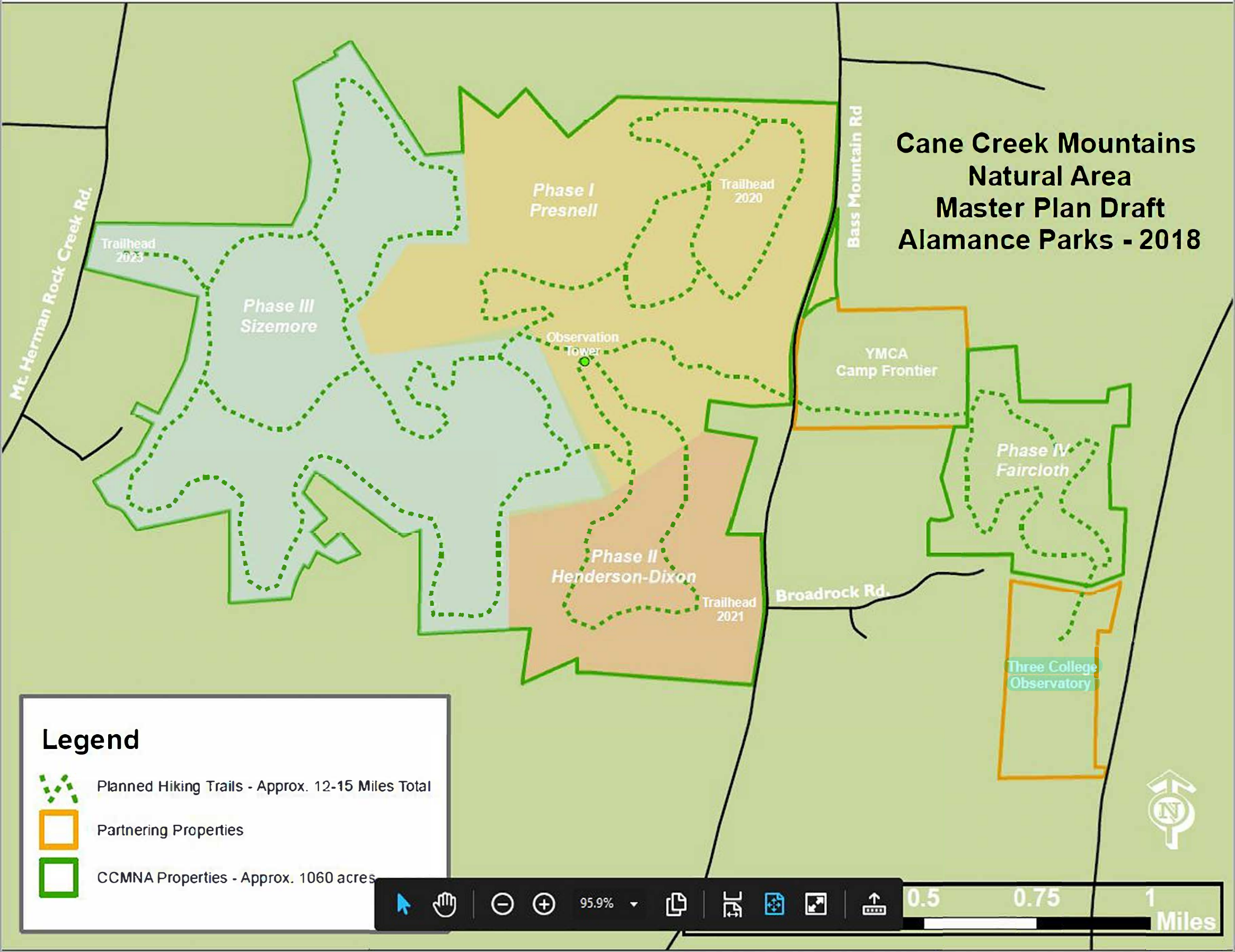




Exhibit A Map  
Cane Creek Mountains Three College Observatory  
Dedicated Nature Preserve



# Cane Creek Mountains Natural Area Master Plan Draft Alamance Parks - 2018



## Legend

-  Planned Hiking Trails - Approx. 12-15 Miles Total
-  Partnering Properties
-  CCMNA Properties - Approx. 1060 acres



95.9%



0.5

0.75

1

Miles