

July 24, 2024 at 10:15 a.m.  
Via Videoconference and PBS North Carolina Livestream  
UNC System Office  
223 S West Street, Board Room (17th Floor)  
Raleigh, North Carolina

## **AGENDA**

- A-1. Approval of the Open Session Minutes of May 22, 2024 ..... Kirk Bradley
- A-2. State Budget Update.....Jennifer Haygood
- A-3. FY 2024-25 Enrollment Change Budget Adjustments.....Jennifer Haygood
- A-4. Capital Improvement Projects ..... Katherine Lynn
- A-5. Disposition of Property by Ground Lease – NC State University ..... Owen Cooks
- A-6. Disposition of Property by Deed – Winston-Salem State University.....Owen Cooks
- A-7. Adjourn

### **Additional Information Available:**

Report on Need-Based Aid from Tuition  
University of North Carolina Quarterly Capital Project Report for July 1, 2024  
FY 2023 UNC System Consolidated Financial Report (Final Full Report)

## DRAFT MINUTES

May 22, 2024 at 10:15 a.m.  
Via Videoconference and PBS North Carolina Livestream  
UNC System Office  
223 S. West Street, Board Room (17th Floor)  
Raleigh, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Jimmy Clark. The following committee members, constituting a quorum, were also present in person or by phone: Harry Brown, Joel Ford, Reginald Holley, Mark Holton, and Terry Hutchens.

Chancellors participating were Karrie Dixon and Sharon Gaber.

Staff members present included Jennifer Haygood, Brandy Andrews, Katherine Lynn, Aubrey Clark-Brown, and others from the University of North Carolina System Office.

Committee Faculty Assembly advisors present included Jim Westerman.

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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 10:19 a.m. on Wednesday, May 22, 2024. The open session minutes of the regular the Committee on Budget and Finance and the joint Committee on Budget and Finance and Committee on Military and Public Affairs from the Wednesday, April 17, 2024, meetings were approved by unanimous consent.

### 2. Update on Student Health Insurance (Item A-2)

Executive Vice President Andrew Kelly and Ms. Mona Moon gave the committee an informational update on the renewal negotiations of Student Blue for next year and potential student health insurance transitions in future years.

This item was for discussion only.

### 3. FY 2025 All-Funds Budget (Item A-3)

Chair Clark called on Senior Vice President Jennifer Haygood to give the committee a presentation summarizing the University of North Carolina institutions' FY 2024-25 All-Funds Budgets. Ms. Haygood highlighted common themes reflected in the institutional highlights and executive summary.

This item was for information only.

#### **4. FY 2023 UNC System Debt Capacity Study (Item A-4)**

Chair Clark called on Ms. Haygood to review the FY 2023 UNC System Debt Capacity Study. Fifteen institutions maintained or increased their debt capacity over the five-year study period, nine institutions increased their debt capacity compared to last year, and all 16 institutions maintained or improved at least one of their primary financial ratios since the 2022 study. The chair asked for a motion to approve the Study.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the FY 2023 UNC System Debt Capacity Study and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Reginald Holley

**Motion carried**

#### **5. Revision to Sale of Special Obligation Bonds — NC State University (Item A-5)**

The chair called on Ms. Haygood to explain NC State University's request for a revision to the sale of special obligation bonds originally approved on April 18, 2024, to issue the bonds on a tax-exempt basis. The chair asked for a motion to approve the revision.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the revision for the sale of special obligation bonds for NC State University and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Reginald Holley

**Motion carried**

#### **6. Amendments to Use and Management Agreements – University of North Carolina at Pembroke (Item A-6)**

The chair called on Ms. Haygood to present the University of North Carolina at Pembroke's request for authorization of amendments to a previously approved use agreement and management agreement, both related to the financing of the University Courtyard Apartments student housing facilities. Courtyard's two-phase construction was financed through the UNCP University Foundation, LLC. The chair asked for a motion to approve the amendments to use and management agreements.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the amendments to use and management agreements for UNC Pembroke and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** Reginald Holley

**Motion carried**

#### **7. Amendment to Use Agreement – Winston-Salem State University (Item A-7)**

The chair called on Ms. Haygood to present Winston-Salem State University's request for authorization of amendments to a previously approved use agreement related to the financing of approximately 848 beds across two student housing facilities that were financed through the Winston-Salem State University Housing Foundation, LLC. The chair asked for a motion to approve the amendments to use agreement.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the amendments to use agreement for WSSU and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** Reginald Holley

**Motion carried**

#### **8. Capital Improvement Projects (Item A-8)**

The chair called on Vice President Katherine Lynn to present the requests for the authorization of \$3.65 million for two new capital projects at the University of North Carolina at Greensboro and Western Carolina University and \$5.75 million for four increased authorizations at Fayetteville State University, UNC Greensboro, and WCU; and the reporting of one chancellor's R&R project less than \$600,000 in compliance with statute. The chair asked for a motion to approve the capital improvement projects authorizations.

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

**Motion:** Reginald Holley

**Motion carried**

#### **9. Approval of the Selection of the Design-Build Firm – PBS North Carolina (Item A-9)**

The chair called on Ms. Lynn to present PBS North Carolina's selection of LeChase Construction Services, LLC, as the design-build firm for the Emergency Power Systems Upgrades project.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the selection of the design-build firm for PBS North Carolina and recommend it to the full Board of Governors for a vote through the consent agenda.

**Motion:** Reginald Holley

**Motion carried**

#### **10. Adjourn (Item A-10)**

There being no further business and without objection, the meeting adjourned at 11:26 a.m.

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Reginald Holley, Secretary

## AGENDA ITEM

A-2. State Budget Update .....Jennifer Haygood

- Situation:** One of the principal responsibilities of the University of North Carolina Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for the constituent institutions of the University of North Carolina” [G.S. 116-11(9)a]. In odd-numbered years, the General Assembly enacts a biennial (two-year) budget. In even-numbered years, adjustments are made to the budget for the second fiscal year of the biennium.
- Background:** During the legislature’s current short session, the North Carolina General Assembly will make adjustments to the budget passed last year for the FY 2023-25 biennium. The adjustments will be for the 2024-25 fiscal year. The House and Senate have each passed a version of the budget adjustments. Legislators will attempt to reconcile the differences between the two proposals in the conference process later this year. If an agreement is not reached, then the biennial budget as passed last year will remain in effect.
- Assessment:** The Board of Governors’ approved budget priorities that were submitted to both the Governor and the General Assembly. Our Systemwide priorities focus on critical core operations such as funding for enrollment change, building reserves, and completion assistance programs. The House and Senate budgets included some but not all the Board’s priorities. The University of North Carolina System Office will continue to advocate for the inclusion of all Board priorities throughout the budget process.
- Action:** This item is for information only.



# 2024-25 UNC SYSTEM STATE BUDGET UPDATE

**BOG Committee on Budget and Finance**  
**July 24, 2024**

## Operating Budget Priorities

	UNC Budget Priorities	House Budget	Senate Budget
<b>UNC System Priorities</b>			
Performance-Weighted Enrollment Change Funding	46,564,200	574,578	574,578
		13,068,267 NR	13,068,267 NR
UNC Enrollment Loss Mitigation	4,952,988 NR	4,952,988 NR	8,150,305 NR
Building Reserves	2,786,673	2,786,673	2,786,673
	470,404 NR	470,404 NR	470,404 NR
Completion Assistance Programs (from Escheats Fund)	\$8.5M in receipts	8,500,000	-
<b>Faculty and Staff Salaries</b>			
Labor Market Adjustment Salary Reserve	15,000,000	-	-
Compensation Increase Reserve (additional 1% across the board)	-	37,764,380	-
State Retirement Contributions - TSERS Members (Retiree Supplement Reserve)	-	\$9.2M in receipts	-

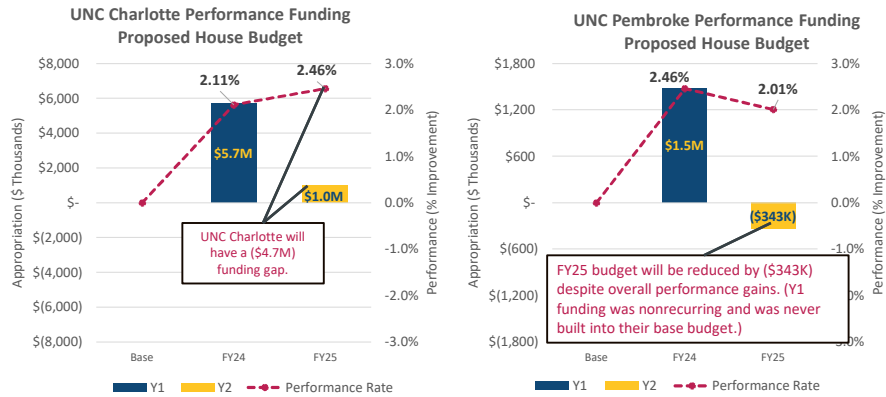
## 2024 Short Session Enrollment Funding Request

	2023 Enrollment Change	FY21 Performance	FY22 Performance	Total Enrollment Funding
App State	\$ 2,525,277	329,047	\$ 3,312,881	\$ 6,167,204
ECU	(8,563,695)	2,565,835	1,709,901	(4,287,959)
ECSU	(144,391)	427,592	(194,833)	88,367
FSU	2,695,822	239,530	1,033,288	3,968,640
N.C. A&T	2,406,306	1,629,206	536,450	4,571,961
NCCU	(1,284,857)	591,124	(88,126)	(781,858)
NC State	3,648,455	7,508,272	2,615,789	13,772,515
UNCA	(1,402,954)	44,206	254,309	(1,104,439)
UNC-CH	4,785,768	5,897,243	(345,806)	10,337,205
UNCC	2,882,702	5,699,671	1,006,070	9,588,442
UNCG	(149,566)	2,394,967	1,697,048	3,942,449
UNCP	(3,572,992)	1,481,679	(343,412)	(2,434,725)
UNCW	1,060,265	2,303,427	606,145	3,969,837
UNCSA	(325,818)	483,710	556,868	714,759
WCU	(1,262,032)	1,172,862	1,386,605	1,297,435
WSSU	(2,807,466)	152,985	(674,908)	(3,329,389)
NCSSM	83,756			83,756
<b>Total</b>	<b>\$ 574,578</b>	<b>\$ 32,921,356</b>	<b>\$ 13,068,267</b>	<b>\$ 46,564,200</b>

## 2024 Short Session Enrollment Funding Proposed House and Senate Budgets

Institution	FY21 Performance		FY22 Performance		YoY Change	
	Rate	Funding	Rate	Funding	Rate	Funding
App State	0.18%	\$ 329,047	2.00%	\$ 3,312,881	1.81%	\$ 2,983,834
ECU	1.03%	\$ 2,565,835	1.78%	\$ 1,709,901	0.75%	\$ (855,933)
ECSU	2.75%	\$ 427,592	1.58%	\$ (194,833)	-1.17%	\$ (622,425)
FSU	0.46%	\$ 239,530	2.35%	\$ 1,033,288	1.88%	\$ 793,757
N.C. A&T	1.77%	\$ 1,629,206	2.29%	\$ 536,450	0.52%	\$ (1,092,756)
NCCU	1.11%	\$ 591,124	0.97%	\$ (88,126)	-0.14%	\$ (679,250)
NC State	2.07%	\$ 7,508,272	2.77%	\$ 2,615,789	0.69%	\$ (4,892,483)
UNCA	0.18%	\$ 44,206	1.28%	\$ 254,309	1.10%	\$ 210,103
UNC-CH	2.15%	\$ 5,897,243	1.96%	\$ (345,806)	-0.19%	\$ (6,243,050)
UNCC	2.11%	\$ 5,699,671	2.46%	\$ 1,006,070	0.35%	\$ (4,693,601)
UNCG	1.44%	\$ 2,394,967	2.47%	\$ 1,697,048	1.02%	\$ (697,919)
UNCP	2.46%	\$ 1,481,679	2.01%	\$ (343,412)	-0.45%	\$ (1,825,091)
UNCW	1.43%	\$ 2,303,427	1.80%	\$ 606,145	0.36%	\$ (1,697,283)
UNCSA	0.96%	\$ 483,710	2.11%	\$ 556,868	1.15%	\$ 73,158
WCU	1.19%	\$ 1,172,862	2.63%	\$ 1,386,605	1.44%	\$ 213,743
WSSU	0.32%	\$ 152,985	-1.16%	\$ (674,908)	-1.47%	\$ (827,893)
<b>Total</b>	<b>1.35%</b>	<b>\$ 32,921,356</b>	<b>1.83%</b>	<b>\$ 13,068,267</b>	<b>0.48%</b>	<b>\$ (19,853,089)</b>

## 2024 Short Session Enrollment Funding Proposed House and Senate Budgets



*Institutions that maintained and improved performance in year 2 will see significant funding gaps relative to their performance.*

*Four institutions with performance gains will lose funding that was never built into the base budget.*

## Enrollment Mitigation Funds

Institution	UNC Budget Priorities		House Budget		Senate Budget	
ECU	-		-		1,364,971	NR
UNCA	-		-		1,812,659	NR
UNCG	-		-		19,687	NR
UNCP	3,701,653	NR	3,701,653	NR	3,701,653	NR
WSSU	1,251,335	NR	1,251,335	NR	1,251,335	NR
<b>Total</b>	<b>4,952,988</b>	<b>NR</b>	<b>4,952,988</b>	<b>NR</b>	<b>8,150,305</b>	<b>NR</b>



## Other UNC System Items

Other UNC System Items	UNC Budget Priorities	House Budget	Senate Budget
Athletic Dept. Support from Sports/Horse Wagering Receipts	-	\$16.6M in receipts	-
UNC-CH College of Applied Science and Technology	-	8,000,000 NR	-
UNC-CH Office of Learning Research	-	1,500,000	-
UNC-CH Crohn's Disease Research	-	1,000,000 NR	-
NCSU Clean Energy Technology Center	-	400,000 NR	-
UNCC Data Analytics Program (IT Reserve)	-	\$16.5M in receipts	-
UNCA Strategic Priorities	-	2,500,000 NR	-
App State IT Projects (IT Reserve)	-	\$1M in receipts	-
NCSSM IT Projects (IT Reserve)	-	\$500k in receipts	-

## House Sports Betting Proceeds Proposal

Institution	Annual \$300k	20% of Remaining Proceeds	5% of Remaining Proceeds	Total
App State	300,000	1,710,000	930,000	2,940,000
ECU	300,000	1,710,000	930,000	2,940,000
ECSU	300,000	1,710,000	-	2,010,000
FSU	300,000	1,710,000	-	2,010,000
NCA&T	300,000	1,710,000	930,000	2,940,000
NCCU	300,000	1,710,000	-	2,010,000
NCSU	-	-	930,000	930,000
UNCA	300,000	1,710,000	-	2,010,000
UNC-CH	-	-	930,000	930,000
UNCC	300,000	1,710,000	930,000	2,940,000
UNCG	300,000	1,710,000	-	2,010,000
UNCP	300,000	1,710,000	-	2,010,000
UNCW	300,000	1,710,000	-	2,010,000
WCU	300,000	1,710,000	-	2,010,000
WSSU	300,000	1,710,000	-	2,010,000
<b>Total</b>	<b>3,900,000</b>	<b>22,230,000</b>	<b>5,580,000</b>	<b>31,710,000</b>

## Capital Budget Priorities

	UNC Budget Priorities	House Budget	Senate Budget
<b>UNC System Requests</b>			
<i>Major R&amp;R Inflationary Cost Increases*</i>	48,380,494	48,380,494	-
<i>Campus Safety Infrastructure</i>	17,000,000	7,000,000	-
<i>HBCU Critical Utility Infrastructure Needs</i>	21,586,350	-	-
<b>Total Requested</b>	86,966,844	55,380,494	-
<b>Other UNC Items (Not Requested)</b>			
App State Hickory Campus	-	14,903,731	-
App State Wey Hall	-	7,000,000	-
ECSU Statesville Flight School	-	3,000,000	-
NCSU Poe Hall	-	5,000,000	-
NCSU Veterinary School Large Animal Hospital	-	7,000,000	-
UNCC NC Solar and Battery Energy Recycling (SaBER) Initiative	-	5,000,000	-
UNC-CH STEM Building	-	17,500,000	-
System Office Personnel Increase	-	1,000,000	-
<b>Total Appropriated</b>	86,966,844	115,784,225	-
*Funded through \$48.4m in additional UNC R&R funding.			

QUESTIONS?

## FY 2024-25 Operating Budget Comparison

	UNC Budget Priorities	House Budget	Senate Budget
<b>UNC Enacted Budget</b> (excludes SEAA & aid to private institutions)	<b>3,763,683,884</b>	<b>3,763,683,884</b>	<b>3,763,683,884</b>
<b>UNC System Priorities</b>			
Performance-Weighted Enrollment Change Funding	46,564,200	574,578	574,578
		13,068,267 NR	13,068,267 NR
UNC Enrollment Loss Mitigation	4,952,988 NR	4,952,988 NR	8,150,305 NR
Building Reserves	2,786,673	2,786,673	2,786,673
	470,404 NR	470,404 NR	470,404 NR
Completion Assistance Programs (from Escheats Fund)	\$8.5M in receipts	8,500,000	-
<b>Total Recommended UNC System Priority Budget Changes</b>	<b>54,774,265</b>	<b>30,352,910</b>	<b>25,050,227</b>
<b>Faculty and Staff Salaries</b>			
Labor Market Adjustment Salary Reserve	15,000,000	-	-
Compensation Increase Reserve (additional 1% across the board)	-	37,764,380	-
State Retirement Contributions - TSERS Members (Retiree Supplement Reserve)	-	\$9.2M in receipts	-
<b>Other UNC System Items (Not Requested)</b>			
Athletic Dept. Support from Sports/Horse Wagering Receipts	-	\$16.6M in receipts	-
UNC-CH College of Applied Science and Technology	-	8,000,000 NR	-
UNC-CH Office of Learning Research	-	1,500,000	-
UNC-CH Crohn's Disease Research	-	1,000,000 NR	-
NCSU Clean Energy Technology Center	-	400,000 NR	-
UNCC Data Analytics Program (IT Reserve)	-	\$16.5M in receipts	-
UNCA Strategic Priorities	-	2,500,000 NR	-
App State IT Projects (IT Reserve)	-	\$1M in receipts	-
NCSSM IT Projects (IT Reserve)	-	\$500k in receipts	-
<b>Total Recurring Operating Changes</b>	<b>64,350,873</b>	<b>51,125,631</b>	<b>3,361,251</b>
<b>Total Nonrecurring Operating Changes</b>	<b>5,423,392</b>	<b>30,391,659</b>	<b>21,688,976</b>
<b>Total Recommended FY 22-23 UNC Budget</b>	<b>3,833,458,149</b>	<b>3,845,201,174</b>	<b>3,788,734,111</b>
<b>Total Percent Change</b>	<b>1.9%</b>	<b>2.2%</b>	<b>0.7%</b>

<b>SEAA &amp; Aid to Private Institutions</b> <b>(Budget Codes 16012 &amp; 16015)</b>			
<b>Enacted Budget</b>	<b>643,805,179</b>	<b>643,805,179</b>	<b>643,805,179</b>
Need-Based Scholarship for Public Colleges and Universities <i>(This decrease is offset by commensurate increase from the Escheats Fund. Total funding remains the same.)</i>	-	(54,457,244)	-
Opportunity Scholarship Program Additional Awards (House includes \$97M in receipt support from the State Lottery Fund)	-	151,000,000 NR \$97M in receipts	248,000,000 NR
Opportunity Scholarship Grant Fund Reserve	-	215,460,000	215,460,000
Personal Education Student Accounts for Children with Disabilities Program	-	24,600,000	24,700,000
Nursing Instructor Fellows Program	-	1,500,000	-
FAFSA Outreach	-	1,000,000 NR	-
NCSSM and UNCSA Tuition Grant	-	654,000	654,000
Washington Center Internship Scholarship Program	-	250,000 NR	-
Longleaf Commitment Community College Grant Program	-	(\$12.6M) in receipts	-
High Point University Principal Preparation Program	-	500,000 NR	-
<b>Total Recommended SEAA &amp; Aid to Private Institutions</b>	<b>643,805,179</b>	<b>984,311,935</b>	<b>1,132,619,179</b>

Note: All items are recurring unless specified as nonrecurring.

## FY 2024-25 Capital Budget Comparison

	UNC Budget Priorities	House Budget	Senate Budget
<b>UNC System Requests</b>			
<b><i>Major R&amp;R Inflationary Cost Increases*</i></b>			
ECU Howell Building South Renovation	2,500,000	2,500,000	-
FSU A.B. Rosenthal Building-Targeted Renovation	3,037,585	3,037,585	-
FSU H.T. Chick-Targeted Renovation	2,768,385	2,768,385	-
UNCC Burson Renovation and Expansion	12,000,000	12,000,000	-
UNCW Coastal Marine Studies Renovation	5,024,524	5,024,524	-
WCU Historic Moore Building	16,700,000	16,700,000	-
WSSU Hauser Hall Renovations-Restore the Core	5,100,000	5,100,000	-
NCSSM Chiller Replacement - Durham	1,250,000	1,250,000	-
<b><i>Campus Safety Infrastructure</i></b>			
ECSU Sky Bridge	5,000,000	5,000,000	-
ECSU Campus-Wide Lockdown System	200,000	-	-
FSU Residence Hall Card Access	3,200,000	-	-
UNCA Public Safety Access Controls	3,300,000	2,000,000	-
UNC-CH Enterprise Security Camera System	4,000,000	-	-
UNCP Residence Hall Security Infrastructure	1,000,000	-	-
NCSSM Campus Safety and Security	300,000	-	-
<b><i>HBCU Critical Utility Infrastructure Needs</i></b>			
ECSU Emergency Generator Power	2,240,000	-	-
N.C. A&T Boiler Replacement	5,346,350	-	-
NCCU Repair and Replacement of Steam System, Sanitary Sewer and Stormwater Drainage Systems	4,000,000	-	-
WSSU Emergency Steam Repairs	8,000,000	-	-
WSSU Repair/Replacement of Campuswide Steam Distribution System - Advance Planning and Design	2,000,000	-	-
<b>Total Requested</b>	<b>86,966,844</b>	<b>55,380,494</b>	<b>-</b>
<b>Other UNC Items (Not Requested)</b>			
App State Hickory Campus	-	14,903,731	-
App State Wey Hall	-	7,000,000	-
ECSU Statesville Flight School	-	3,000,000	-
NCSU Poe Hall	-	5,000,000	-
NCSU Veterinary School Large Animal Hospital	-	7,000,000	-
UNCC NC Solar and Battery Energy Recycling (SaBER) Initiative	-	5,000,000	-
UNC-CH STEM Building	-	17,500,000	-
System Office Personnel Increase	-	1,000,000	-
<b>Total Appropriated</b>	<b>86,966,844</b>	<b>115,784,225</b>	<b>-</b>
<b>Increased Total Project Authorization</b>			
App State Wey Hall	-	7,000,000	-
UNCC NC Solar and Battery Energy Recycling (SaBER) Initiative	-	5,000,000	-
UNC-CH STEM Building	-	17,500,000	-
ECSU Sky Bridge	-	5,000,000	-
ECSU Statesville Flight School	-	3,000,000	-
NCSU Poe Hall	-	180,000,000	-
UNCA Public Safety Access Controls	-	2,000,000	-
System Office Personnel Increase	-	4,000,000	-
<b>Total Increased Authorization</b>	<b>-</b>	<b>223,500,000</b>	<b>-</b>

\*Funded through \$48.4m in additional UNC R&R funding.

## AGENDA ITEM

A-3. FY 2024-25 Enrollment Change Budget Adjustments .....Jennifer Haygood

**Situation:** To date, the North Carolina General Assembly has not enacted legislation to further revise the FY 2024-25 State budget. Based on Resolution 2024-2, it is likely the General Assembly will not consider further action on the State budget until they reconvene on November 19, 2024. Given this anticipated timeline, the UNC System needs to proceed with implementing the FY 2024-25 State budget as enacted by S.L. 2023-134.

**Background:** The UNC System funding model adjusts each institution's General Fund appropriation based on two factors: (1) resident enrollment and (2) institutional performance. Based on this model, the FY 2024-25 budget priorities approved by the University of North Carolina Board of Governors in April included a request for \$46.5 million in recurring General Fund appropriations. Of this amount, **\$574,578 was based on the net change in resident student credit hours delivered**. Both the House and Senate versions of the Short Session budget propose funding \$574,578 to support our system's net enrollment change.

Although the net amount associated with enrollment change seems small, it includes increases of \$20.1 million at eight institutions with resident enrollment growth and decreases of \$19.5 million at nine institutions with resident enrollment declines. Therefore, approximately 97 percent of the budget adjustments associated with enrollment changes can be effectuated under the Board's existing statutory authority. Per G.S. 116-11(9)(c), "The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions."

**Assessment:** Since no further revisions to the State budget are expected in the near future, and delaying all enrollment-related budget adjustments poses financial management risks, the Board of Governors should (1) use its statutory authority to adjust budgets for enrollment changes as proposed in the table in the attached materials and (2) approve the allocation of the additional amounts **contingent** on legislation being enacted to appropriate the additional \$574,578 needed.

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

## **FY 2024-25 Enrollment Change Budget Adjustments**

### University of North Carolina System Enrollment Funding Formula

The enrollment change budget adjustment is calculated based on the incremental change in student credit hours (SCHs) from one calendar year to the next. Funding is received during the fiscal year that immediately follows the period of change. The model adjusts funding to reflect changes in **actual resident student credit hours** delivered from calendar year 2022 to 2023. Systemwide, resident student credit hours decreased by one percent from calendar year 2022 to 2023. However, the enrollment appropriation request increased slightly due to how the model funds different credit hours. Since the model categorizes resident student credit hours based on the area of instruction, the slight decrease in total resident student credit hours was offset by students taking more credit hours in disciplines with higher funding rates such as STEM fields.

### 2023 Enrollment Change

To date, the North Carolina General Assembly has not enacted legislation to further revise the FY 2024-25 State budget. Based on Resolution 2024-2, it is likely the General Assembly will not consider further action on the State budget until they reconvene on November 19, 2024. Given this anticipated timeline, the UNC System needs to proceed with implementing the FY 2024-25 State budget as enacted by S.L. 2023-134.

Based on the model described above, eight institutions produced increased resident student credit hours for an increased enrollment subsidy of \$20.1 million and nine institutions produced decreased resident student credit hours for a decreased subsidy of \$19.5 million creating a net change in resident student credit hours of \$574,578. Therefore, approximately 97 percent of the budget adjustments associated with enrollment changes can be effectuated under the University of North Carolina Board of Governors' existing statutory authority. Per G.S. 116-11(9)(c):

“The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions.”

Table 1 below breaks down the enrollment changes by institution. For the eight institutions with a positive change, the budget adjustment increase is prorated to 97 percent of the full amount with the remainder contingent upon passage of legislation appropriating the additional \$574,578.

**Table 1: 2023 Enrollment Change Budget Adjustment by Institution**

<b>Institution</b>	<b>2023 Enrollment Change w/ Prorated Increases</b>	<b>Additional Contingent Allocation*</b>	<b>Total</b>
App State	\$ 2,453,048	\$ 72,229	\$ 2,525,277
ECU	(8,563,695)	-	(8,563,695)
ECSU	(144,391)	-	(144,391)
FSU	2,618,715	77,107	2,695,822
N.C. A&T	2,337,479	68,826	2,406,306
NCCU	(1,284,857)	-	(1,284,857)
NC State	3,544,099	104,355	3,648,455
UNCA	(1,402,954)	-	(1,402,954)
UNC-CH	4,648,883	136,885	4,785,768
UNCC	2,800,249	82,453	2,882,702
UNCG	(149,566)	-	(149,566)
UNCP	(3,572,992)	-	(3,572,992)
UNCW	1,029,938	30,326	1,060,265
UNCSA	(325,818)	-	(325,818)
WCU	(1,262,032)	-	(1,262,032)
WSSU	(2,807,466)	-	(2,807,466)
NCSSM	81,360	2,396	83,756
<b>Total</b>	<b>\$ 0</b>	<b>\$ 574,578</b>	<b>\$ 574,578</b>

*\*Note: The additional contingent allocation would only be allocated if legislation is enacted to appropriate the \$574,578 needed.*

Since no further revisions to the State budget are expected in the near future, and delaying all enrollment-related budget adjustments poses financial management risks, the Board of Governors should (1) use its statutory authority to adjust budgets for enrollment changes as proposed in Table 1 and (2) approve the allocation of additional amounts contingent on enacted legislation appropriating the additional \$574,578 needed.

**AGENDA ITEM**

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

- Situation:** East Carolina University, NC State University, and University of North Carolina at Chapel Hill have requested five new capital improvement projects and Appalachian State University, UNC-Chapel Hill, University of North Carolina Wilmington, Western Carolina University, and PBS North Carolina have requested increased authorization for seven capital improvement projects.
- Background:** The University of North Carolina Board of Governors may authorize capital construction projects at University of North Carolina System institutions using available funds.
- Assessment:** App State, ECU, NC State, UNC-Chapel Hill, UNC Wilmington, WCU, and PBS NC are requesting projects that meet statutory requirements. It is recommended that the Board approve the projects and the method of funding. It is further recommended that these projects be reported to the North Carolina 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 State University, East Carolina University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina Wilmington, Western Carolina University, and PBS North Carolina

### ISSUE OVERVIEW

University of North Carolina System institutions are required to request authority from the University of North Carolina 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 12 capital improvement projects: five new projects and seven projects for increased authorization.

### I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
<b>East Carolina University</b>					
1.	Tyler White Clement Rooftop Units <sup>1</sup>	\$2,000,000	\$160,000	\$1,840,000	Housing Receipts
<i>ECU Subtotal</i>		<i>\$2,000,000</i>	<i>\$160,000</i>	<i>\$1,840,000</i>	
<b>NC State University</b>					
2.	Kitchen Renovation - Wendell H. Murphy Football Center <sup>1</sup>	\$5,000,000	\$200,000	\$4,800,000	Athletic Receipts
3.	Tri-Towers Mechanical Systems Update-Phase 1 Bowen <sup>1</sup>	\$2,000,000	\$200,000	\$1,800,000	Housing Receipts
<i>NC State Subtotal</i>		<i>\$7,000,000</i>	<i>\$400,000</i>	<i>\$6,600,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
4.	Academic Affairs Restroom Accessibility Upgrades <sup>1</sup>	\$1,250,000	\$150,000	\$1,100,000	Carry-forward (96.4%)/Trust Funds (3.6%) (Fund source change)
5.	Columbia Street Steam Tunnel Replacement	\$26,000,000	\$0	\$26,000,000	Trust Funds
<i>UNC-Chapel Hill Subtotal</i>		<i>\$27,250,000</i>	<i>\$150,000</i>	<i>\$27,100,000</i>	
<b>Grand Total</b>		<b>\$36,250,000</b>	<b>\$710,000</b>	<b>\$35,540,000</b>	

### II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
<b>Appalachian State University</b>					
6.	Innovation Campus Building I - Conservatory for Biodiversity and Educational Research (CBEAR) (37,585 square feet)	\$63,528,895	\$61,581,386	\$1,947,509	SCIF Appropriation (85%)/Carry-forward (4%)/Trust Funds (11%)
<i>App State Subtotal</i>		<i>\$63,528,895</i>	<i>\$61,581,386</i>	<i>\$1,947,509</i>	

## II. INCREASED AUTHORIZATION cont.

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
<b>University of North Carolina at Chapel Hill</b>					
7.	East Cameron Walkway Reconstruction	\$1,470,000	\$1,300,000	\$170,000	Auxiliary Trust Funds (64.6%)/Donations/Gifts (35.4%)
8.	Finley Golf Course Renovation and New Team Building (12,960 square feet)	\$26,600,000	\$13,500,000	\$13,100,000	Donations and Gifts
9.	Morehead Chemistry Teaching Labs Phase 2	\$4,890,000	\$3,490,000	\$1,400,000	Trust Funds (71.4%)/Donations/Gifts (28.6%)
<i>UNC-Chapel Hill Subtotal</i>		<i>\$32,960,000</i>	<i>\$18,290,000</i>	<i>\$14,670,000</i>	
<b>University of North Carolina Wilmington</b>					
10.	Brooks Baseball Field Refurbishment	\$3,450,000	\$2,750,000	\$700,000	Athletic Receipts
<i>UNCW Subtotal</i>		<i>\$3,450,000</i>	<i>\$2,750,000</i>	<i>\$700,000</i>	
<b>Western Carolina University</b>					
11.	Killian Building - HVAC Upgrades & Window Replacement	\$6,070,000	\$3,570,000	\$2,500,000	SCIF Appropriation (58.8%)/Carry-forward (41.2%)
<i>WCU Subtotal</i>		<i>\$6,070,000</i>	<i>\$3,570,000</i>	<i>\$2,500,000</i>	
<b>PBS North Carolina</b>					
12.	Tower Lighting/FAA Markers/Tower Elevator Repair	\$2,545,881	\$2,487,681	\$58,200	SCIF Appropriation (97.7%)/Trust Funds (2.3%)
<i>PBS NC Subtotal</i>		<i>\$2,545,881</i>	<i>\$2,487,681</i>	<i>\$58,200</i>	
<b>Grand Total</b>		<b>\$108,554,776</b>	<b>\$88,679,067</b>	<b>\$19,875,709</b>	

<sup>1</sup> Previous authorization reflects advance planning authority delegated to Boards of Trustees.

### 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 North Carolina 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 13 allowable categories.

Institution/Project Title		Amount	Fund Source	R&R Category
<b>Fayetteville State University</b>				
1.	Seabrook Auditorium Electrical Infrastructure Upgrades	\$84,444	Carry-forward	(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems
2.	West Campus Central Utility Plant Expansion	\$263,952	Carry-forward	(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems
<b>University of North Carolina at Pembroke</b>				
3.	Education Building Chiller Replacement	\$488,135	General Funds	(4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems

**AGENDA ITEM**

A-5. Disposition of Property by Ground Lease — NC State University .....Owen Cooks

**Situation:** NC State University Board of Trustees requests authorization for disposition of property by lease of approximately 40 acres on the Centennial Campus, Hillsborough Street, Raleigh, North Carolina.

**Background:** NC State currently leases to the NCSU Foundation, Inc., the 40 acres that is the subject of this request. The land is subleased to the NC State University Club (UClub), which operates a recreational club. The new lease will be to CBC Land I, LLC, superseding the lease to the NCSU Foundation, Inc. CBC Land I, LLC, is the entity that manages real property for this portion of the Centennial Campus. CBC Land I, LLC, will in turn sublease the land to the UClub. The term of the proposed ground lease is 99 years for nominal consideration.

The NC State Board of Trustees approved the disposition by lease on April 26, 2024.

**Assessment:** The ground lease aligns real property management to the appropriate entity.

**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 — NC State University**

### **ISSUE OVERVIEW**

The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The NC State University Board of Trustees requests authorization for the disposition of property by lease of 40 acres on the Centennial Campus, Hillsborough Street, Raleigh, North Carolina.

NC State currently ground leases to the NCSU Foundation, Inc., the 40 acres that is the subject of this request. The land is subleased to the NC State University Club (UClub), an associated entity of NC State that operates a recreational club with membership of various classes serving NC State faculty, staff, alumni, and others. The new lease will be to CBC Land I, LLC, also an associated entity of NC State that manages real property for this portion of the Centennial Campus. This proposed lease supersedes the lease to the NCSU Foundation, Inc. CBC Land I, LLC, will in turn sublease the land to the UClub. The term of the proposed lease is 99 years for nominal consideration.

The superseding lease disposal moves between NC State-associated entities the responsibility to sublease to the UClub and brings the operation of similar arrangements with increased oversight and structure for real estate business operations.

The NC State Board of Trustees approved the disposition by lease on April 26, 2024.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve this request.

**DISPOSITION  
OF REAL PROPERTY**

**DISPOSITION OF REAL PROPERTY BY LEASE**

<b>LESSOR</b>	The State of North Carolina, North Carolina State University
<b>LESSEE</b>	CBC Land I, LLC (an Associated Entity of NC State University)
<b>LOCATION</b>	Centennial Biomedical Campus, Raleigh, NC
<b>SIZE</b>	Approximately 40 acres of land
<b>RATE</b>	Nominal
<b>TERM</b>	99 years
<b>USE</b>	Disposition by ground lease to facilitate restructuring of sub-ground lease to the North Carolina State University Club for continued operation of a university recreation club in support of NC State University.

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

Institution or Agency: North Carolina State University

Date: April 26, 2024

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

**This disposition allows for the restructuring of the sub-lease to the North Carolina State University Club (UClub) for continued operation of a university recreation club.**

**Currently the UClub operates on this property as a sub-tenant of the North Carolina State University Foundation, Inc. (NCSU Foundation) under a previously executed ground lease between the State of NC and the NCSU Foundation (1960, amended 1979) that will expire in 2059.**

**This new lease between the State of North Carolina and CBC Land I, LLC (CBC Land) will supersede the existing ground lease between the State of North Carolina and the NCSU Foundation and initiate a new 99-year ground lease term between the State of NC and CBC Land. Concurrent to execution of this ground lease, CBC Land will enter a new sub-ground lease with the UClub for a period of sixty (60) years and will retain the opportunity to provide additional sub ground lease term extensions to the UClub (subject to the 99-year term limit of its ground lease) as it deems appropriate.**

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

**Approximately 40 acres of land located on Hillsborough Street adjacent to I-440. This land is designated as part of NC State's Centennial Biomedical Campus.**

Estimated value: N/A – Associated Entity Transaction

Where deed is filed, if known: N/A

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

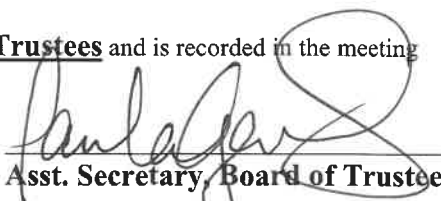
Funds from the disposal of this property are recommended for the following use: N/A

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

Action recommending the above request was taken by the Board of Trustees and is recorded in the meeting minutes thereof on 4/26/2024 (date).

Signature:

Title:

  
Asst. Secretary, Board of Trustees

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form

Number: PO-2

Date: April 26, 2024

**Request:** Disposition by Ground Lease of approximately 40 acres of land located on Hillsborough Street to CBC Land I, LLC. Disposition is recommended to allow for the restructuring of the sub-ground lease with the North Carolina State University Club, an associated entity, for continued operation of a university recreation club.

**Institution** NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

  
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON  
BUILDINGS AND PROPERTY

  
(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,  
NCSU

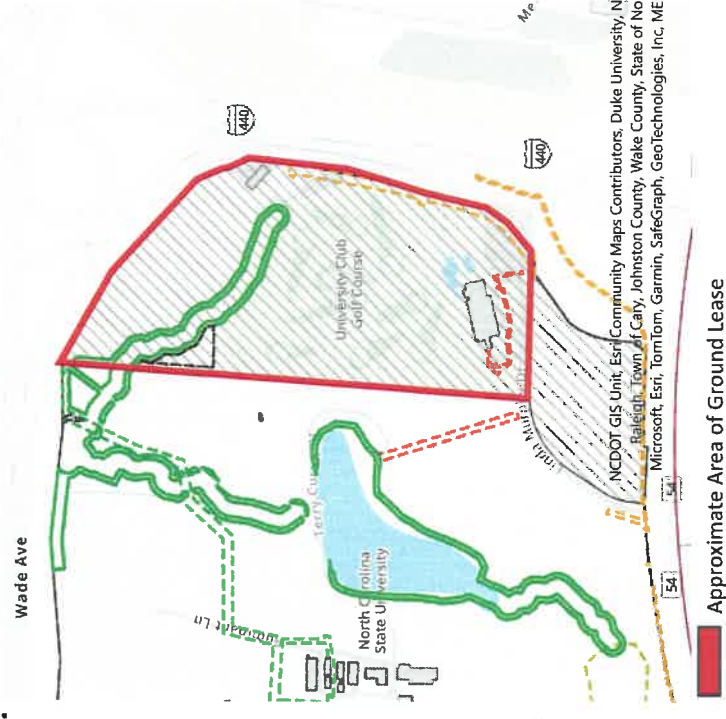
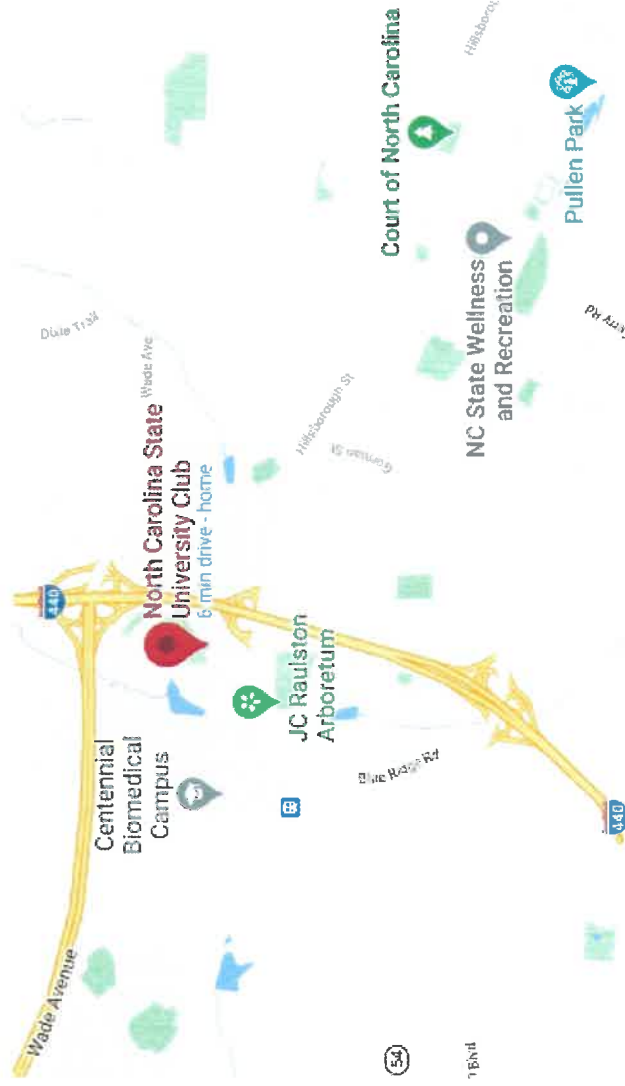
  
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

\_\_\_\_\_  
(Secretary's Signature)



Disposition by Ground Lease of +/- 40 acres of land located along Hillsborough Street to CBC Land I, LLC to facilitate a sub-lease for the continued operation of the North Carolina State University Club, an associated entity.



NCDOT GIS Unit, Esri Community Maps Contributors, Duke University, N  
Raleigh, Town of Cary, Johnston County, Wake County, State of No  
Microsoft, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, ME

**AGENDA ITEM**

A-6. Disposition of Property by Deed — Winston-Salem State University.....Owen Cooks

**Situation:** Winston-Salem State University Board of Trustees request authorization for disposition of property by deed of the chancellor's residence, 5005 Marble Arch Road, Winston-Salem, North Carolina.

**Background:** The chancellor's residence, constructed in 1992, was purchased by WSSU for a nominal amount in 1996 as a residence for the chancellor. Significant renovations are needed . The residence is approximately 5,200 square feet on a 0.85-acre lot and has an estimated insurance value of \$1.3 million. WSSU has executed a short-term lease for a temporary residence while the institution's foundation pursues a permanent residence.

The WSSU Board of Trustees approved the disposition by deed on June 14, 2024.

**Assessment:** It is recommended to dispose of the residence as it no longer serves the institution's needs.

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

## **Disposition of Property by Deed — Winston-Salem State University**

### **ISSUE OVERVIEW**

The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The Winston-Salem State University Board of Trustees requests authorization for the disposition of property by deed of the chancellor's residence, 5005 Marble Arch Road, Winston-Salem, North Carolina.

The chancellor's residence, constructed in 1992, was purchased by WSSU for a nominal amount in 1996 as a residence for the chancellor. Significant renovations are needed. The residence is approximately 5,200 square feet on a 0.85-acre lot and has an estimated insurance value of \$1.3 million. WSSU has executed a short-term lease for a temporary residence while its Foundation pursues a permanent residence.

The disposal of the residence would best serve the institution. The State Property Office will manage the disposal.

The WSSU Board of Trustees approved the disposition by deed on June 14, 2024.

### **RECOMMENDATION**

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

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

Institution or Agency: Winston-Salem State University

Date: 22-May-2024

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)*. 5005 Marble Arch Road

This disposition is recommended for the following reasons:

**The disposition of this property is to acquire another residence due to significant renovations needed at the existing residence.**

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

**DAVE Asset #400; (State Property Id #609);**

Deed Book 001906; Deed Page 03045; Old Map # 600858  
BEING KNOWN AND DESIGNATED as lot no. 62 as shown on the Map of  
CAMELOT AT SHERWOOD FOREST (Part of Section 15) as recorded in Plat Book 33,  
Pages 108, 109 and 110, and as revised in Plat Book 34, Pages 126 and 127, in the  
Offices of the Register of a more particular description.

5005 Marble Arch Dr., Winston-Salem NC. 27104

Four (4) bedrooms, Five (5) baths, basement, two (2) floors, 5,905 square-feet single  
family home built in 1992.

Estimated value: \$1.7M

Where deed is filed, if known: State of North Carolina

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.)*

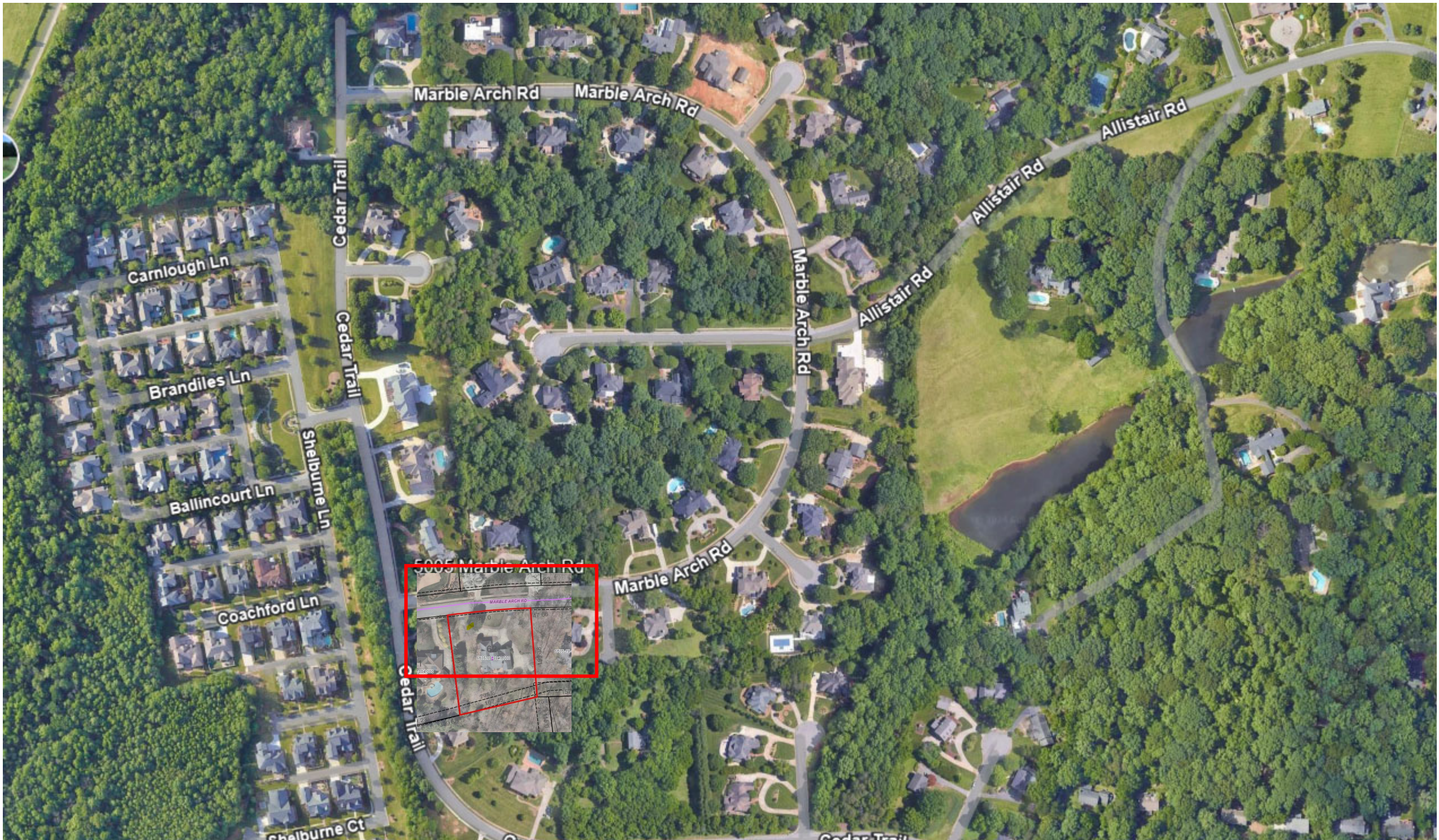
Action recommending the above request was taken by the Governing Board of Trust and is recorded in the minutes thereof on 6/14/24 (date).

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

Title: \_\_\_\_\_

  
Board Chair



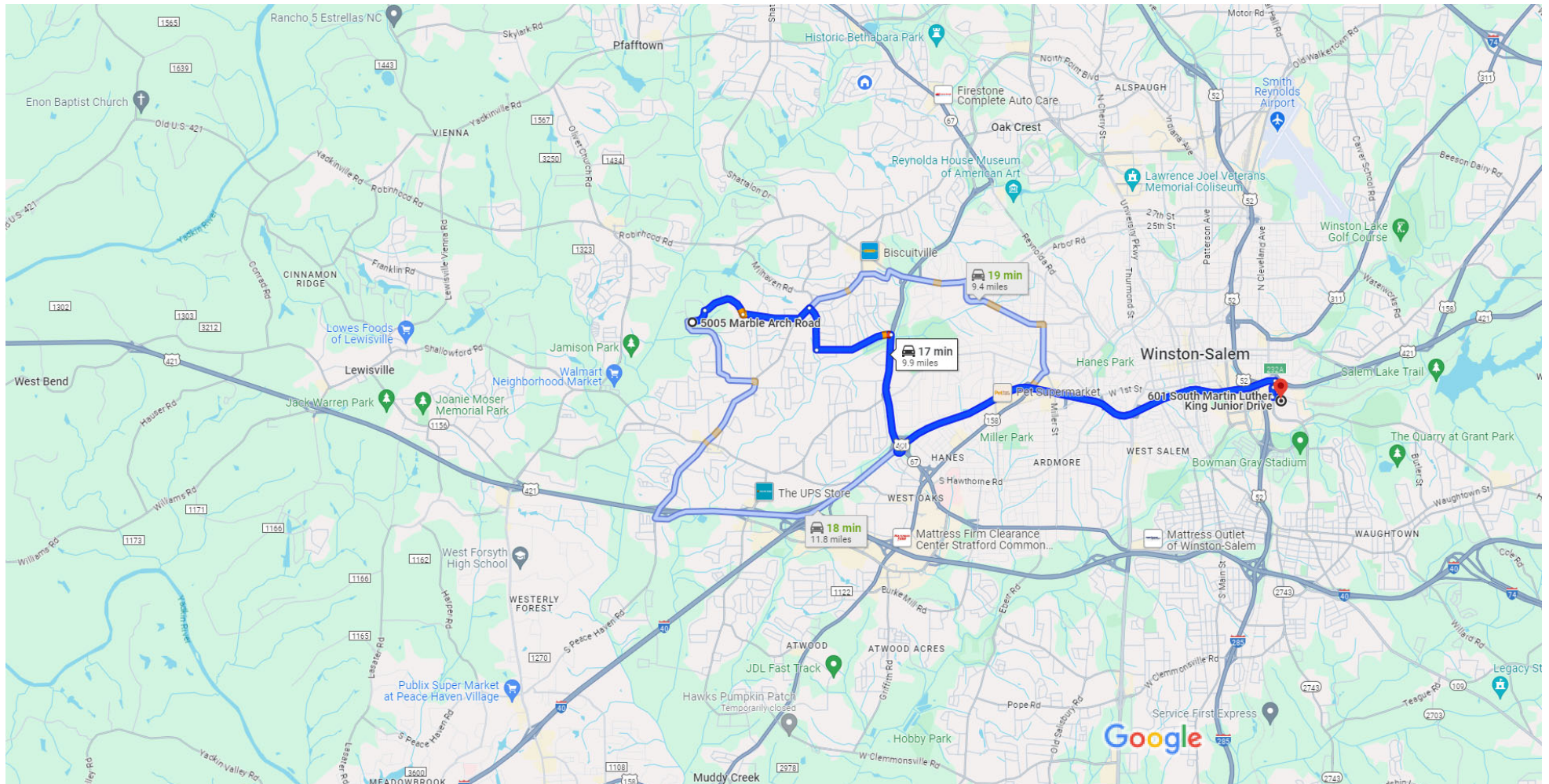






5005 Marble Arch Rd, Winston-Salem, NC 27104 to 601 S Martin Luther King Jr Dr,  
Winston-Salem, NC 27110

Drive 9.9 miles, 17 min



Map data ©2024 1 mi



via US-421 S

17 min

Fastest route, the usual traffic

9.9 miles



via N Peace Haven Rd and US-  
421 S

18 min

11.8 miles