

October 17, 2024 at 9 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 Kirk Bradley
 - a. September 9, 2024
 - b. September 11, 2024
- A-2. 2024-25 NC Promise Tuition Plan Annual ReportJennifer Haygood
- A-3. Authorization of Associated Entity Project –
East Carolina UniversityJennifer Haygood
- A-4. Authorized Use of Special Obligation Bonds “Commercial Paper” –
University of North Carolina at Chapel HillJennifer Haygood
- A-5. Capital Improvement Projects Katherine Lynn
- A-6. Revision to 2021-23 Engineering NC’s Future Capital Projects – NC State University Katherine Lynn
- A-7. Acquisition of Property by Lease – NC State University Katherine Lynn
- A-8. Disposition of Property by Ground Lease – NC State University Katherine Lynn
- A-9. Adjourn

Additional Information Available:

FY 2019-2024 Actual General Fund Expenditures and Revenues
University of North Carolina Quarterly Capital Project Report for October 1, 2024

DRAFT MINUTES

September 9, 2024 at 10 a.m.

Via Videoconference and PBS North Carolina Livestream

This meeting of the Committee on Budget and Finance was presided over by Chair Kirk Bradley. The following committee members, constituting a quorum, were also present in person, via videoconference, or by phone: Lee Barnes, Harry Brown, John Fraley, Reginald Holley, and Art Pope.

Chancellors participating were Kelli Brown, Lee Roberts, and Randy Woodson.

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

Committee Faculty Assembly advisors present included Jim Westerman.

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

The chair called the meeting to order at 10 a.m. on Monday, September 9, 2024. The open session minutes of the regular the Committee on Budget and Finance from the Wednesday, July 24, 2024, meeting were approved by unanimous consent.

2. 2023-24 Annual Report of the Committee on Budget and Finance (Item A-2)

Senior Vice President Jennifer Haygood presented the 2023-24 Annual Report of the Committee on Budget and Finance. Under the UNC Policy Manual, at least annually, each standing committee should make a written report to the full Board of Governors reviewing the committee's work from the preceding year. Ms. Haygood informed the committee that the report was ready for submission to the Board. The chair asked for a motion to approve the committee's annual report.

MOTION: Resolved, that the Committee on Budget and Finance accept the report for submission to the full Board of Governors.

Motion: Reginald Holley

Motion carried

3. Sale of Special Obligation Bonds — University of North Carolina at Greensboro (Item A-3)

Chair Bradley called on Ms. Haygood to present the University of North Carolina at Greensboro's request for authorization to issue special obligation bonds in a principal amount not to exceed \$15.5 million for the purpose of refunding its general revenue bonds, Series 2014, and the associated cost of issuance. The chair asked for a motion to approve the sale of special obligation bonds for UNC Greensboro.

MOTION: Resolved, that the Committee on Budget and Finance approve the sale of special obligation bonds for UNC Greensboro and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Art Pope

Motion carried

4. Capital Improvement Projects (Item A-4)

The chair called on Vice President Katherine Lynn to present the requests for the authorization of \$6.25 million for three new capital projects at North Carolina Agricultural and Technical State University and NC State University and \$14.85 million for five increased authorizations at Fayetteville State University, North Carolina A&T, NC State, and University of North Carolina at Chapel Hill; and the reporting of five chancellor's R&R projects 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

5. Acquisitions of Property by Lease — NC State University (Item A-5)

The chair called on Director of Campus Planning & Space Utilization Owen Cooks to explain NC State University's request to acquire property by lease of approximately 28,000 square feet in the Keystone Science Center, on the Centennial Campus in Raleigh, North Carolina. The chair asked for a motion to approve the acquisitions of property by lease for NC State.

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

Motion: Harry Brown

Motion carried

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

The chair called on Mr. Cooks to explain NC State University's request to dispose of property by lease for a vendor-provided distributed antenna system at Carter-Finley Stadium in Raleigh, North Carolina. The chair asked for a motion to approve the disposition of property by lease for NC State.

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

Motion: Harry Brown

Motion carried

7. Adjourn (Item A-7)

There being no further business and without objection, the meeting adjourned at 10:17 a.m.

Reginald Holley, Secretary

DRAFT MINUTES

September 11, 2024 at 9 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 Kirk Bradley. The following committee members, constituting a quorum, were also present in person, via videoconference, or by phone: Lee Barnes, Harry Brown, John Fraley, Reginald Holley, and Art Pope.

Chancellors participating were Kelli Brown, Lee Roberts, and Randy Woodson.

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.

The chair called the meeting to order at 9 a.m. on Wednesday, September 11, 2024.

1. 2025-26 Tuition and Fees Instructions (Item A-1)

Chair Bradley called on Senior Vice President Jennifer Haygood to present the 2025-26 Tuition and Fees Instructions that will provide the guidance to the University of North Carolina System institutions. In addition, while undergraduate resident tuition will continue to remain flat for 2025-26, the committee discussed allowing institutions that demonstrate significant efforts to strategically realign or reduce resources to propose increases in 2026-27.

This item was for discussion only.

2. Performance Funding Model (Item A-2)

The chair called on Ms. Haygood to begin the discussion on the Performance Funding Model. She explained that the North Carolina General Assembly was unlikely to fully fund performance funding at the requested level, the University of North Carolina Board of Governors should consider (1) how any FY25 performance funds should be allocated, if appropriated, and (2) how the model should be revised for the UNC System's Long Session budget request.

This item was for discussion only.

3. 2024-25 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Allocations (Item A-3)

The chair called on Vice President Katherine Lynn to present the allocation of the \$67.23 million of FY 2024-25 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) funds and increased capital authorization for specific major R&R projects as detailed in the materials available on BoardEffect. The chair asked for a motion to approve the 2024-25 SCIF R&R allocations.

MOTION: Resolved, that the Committee on Budget and Finance approve the allocation of the FY 2024-25 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) funds and increased capital authorizations requests for SCIF major R&R inflationary cost increases and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Harry Brown

Motion carried

4. Adjourn (Item A-4)

There being no further business and without objection, the meeting adjourned at 9:52 a.m.

Reginald Holley, Secretary

AGENDA ITEM

A-2. 2024-25 NC Promise Tuition Plan Annual ReportJennifer Haygood

Situation: General Statute 116-143.11(d) requires the University of North Carolina Board of Governors to report annually on the amount required to offset the forgone tuition receipts at each of the NC Promise institutions, how the funds were allocated to the institutions, the number of enrolled resident students at each institution, and the number of enrolled nonresident students at each institution.

Background: Session Law 2016-94 created the NC Promise Tuition Plan at Elizabeth City State University, University of North Carolina at Pembroke, and Western Carolina University. The 2021 Appropriations Act added Fayetteville State University to the NC Promise Program beginning in 2022-23. The plan sets resident tuition at \$500 per semester and nonresident tuition at \$2,500 per semester beginning in the fall 2018 academic semester. The State promised to buydown the difference in tuition receipts created by the lower tuition compared to the established tuition rate at the four NC Promise schools. The General Assembly appropriated \$82.5 million to offset the lower tuition receipts for 2023-24 and 2024-25.

Assessment: The NC Promise Tuition Plan Annual Report includes all the information required by G.S.116-143.11(d). To offset the decrease in tuition revenue, ECSU will receive \$8.7 million, FSU will receive \$15.4 million, UNCP will receive \$16.1 million, and WCU will receive \$38.4 million. The University of North Carolina System Office will make initial allocations to the institutions in the fall based upon fall census data and an average of fall-to-spring retention rates. Allocations will be further adjusted in late February based on spring census data and in May based on the prior year's summer term enrollment, to the extent funding is available.

Action: This item is for information only.



NC PROMISE TUITION PLAN FY 2024-25 ANNUAL REPORT

**Board of Governors
Committee on Budget and Finance**

October 17, 2024

NC Promise: An Overview

- Established in S.L. 2016-94
- Provides special undergraduate tuition rates
 - \$500 per semester for residents
 - \$2500 per semester for nonresidents
- Funding “buys down” difference between the regular tuition rates and NC Promise rates
- NC Promise institutions
 - ECSU, UNCP, WCU since inception (Fall 2018)
 - FSU added effective Fall 2022

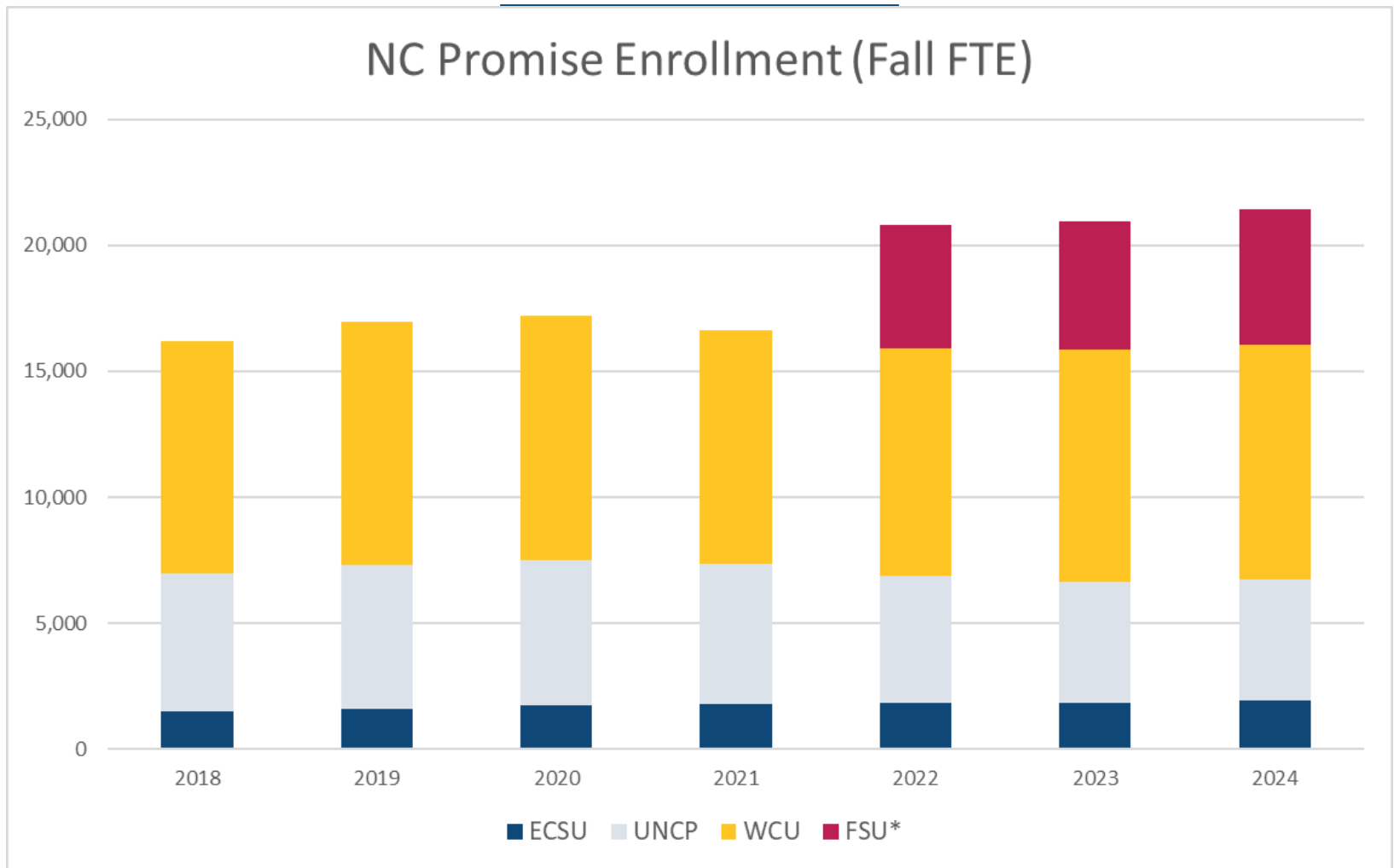
Buydown Rate Calculation

		Annual Rates			
Institution	Residency	Previous Base Tuition	New Base Tuition	NC Promise Tuition	Buydown Rate
ECSU	Resident	\$ 2,856	\$ 2,856	\$1,000	\$ 1,856
	Nonresident	16,755	16,855	5,000	11,855
FSU	Resident	2,982	2,982	1,000	1,982
	Nonresident	14,905	14,994	5,000	9,994
UNCP	Resident	3,602	3,602	1,000	2,602
	Nonresident	15,910	16,005	5,000	11,005
WCU	Resident	3,971	3,971	1,000	2,971
	Nonresident	15,041	15,131	5,000	10,131

FY 2024-25 Calculated Buydown and Initial Allocation

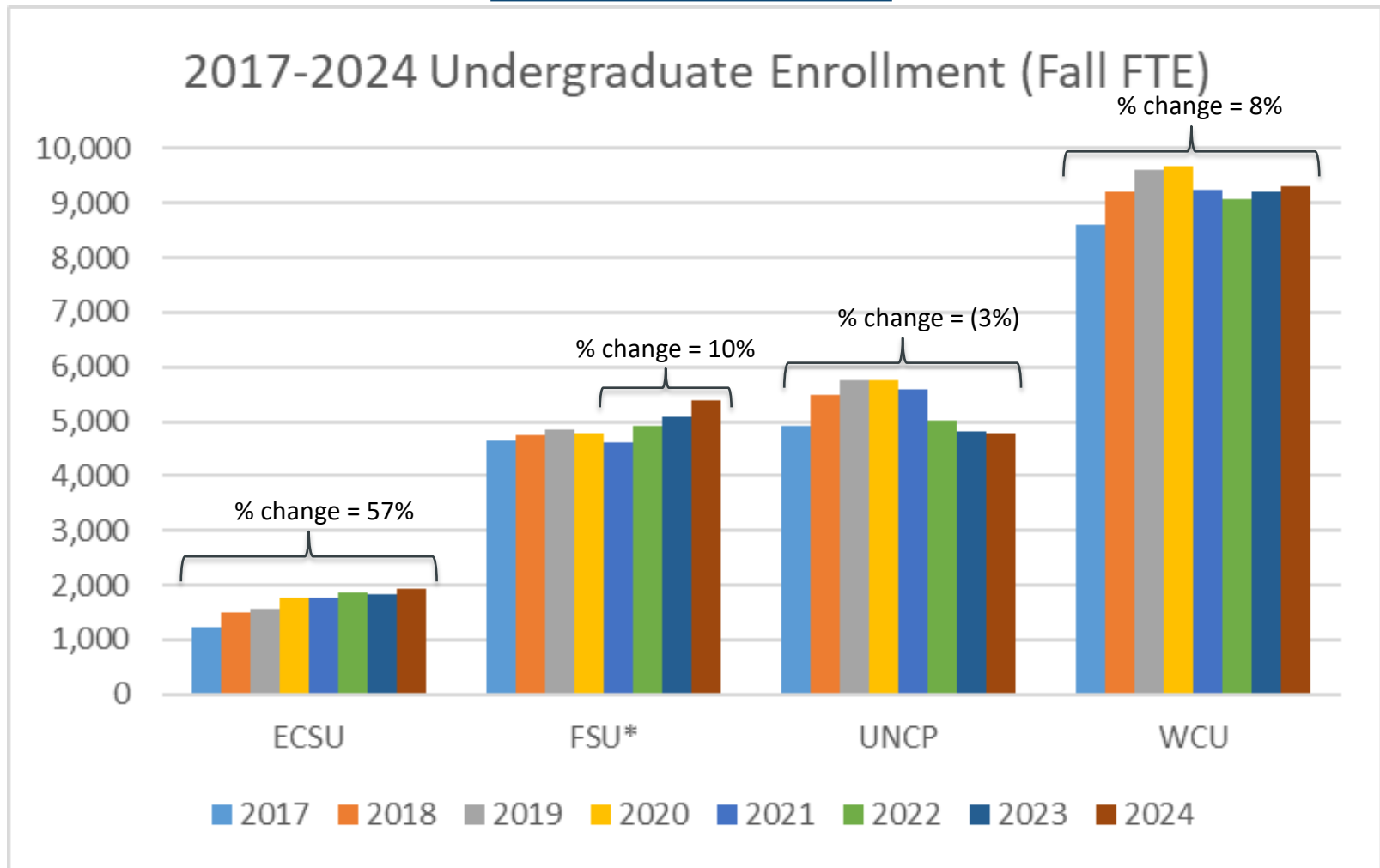
Institution	Residency	Fall FTE	Estimated Spring FTE	Buydown Rate	Calculated Buydown
ECSU	Resident	1,386	1,233	\$ 1,856	\$ 2,430,197
	Nonresident	557	495	11,855	6,235,367
	Total	1,943	1,728		8,665,564
FSU	Resident	4,727	4,422	1,982	9,067,068
	Nonresident	655	613	9,994	6,335,170
	Total	5,382	5,035		15,402,238
UNCP	Resident	4,205	3,666	2,602	10,240,123
	Nonresident	568	496	11,005	5,853,465
	Total	4,773	4,162		16,093,588
WCU	Resident	7,564	6,892	2,971	21,474,355
	Nonresident	1,751	1,595	10,131	16,951,355
	Total	9,315	8,487		38,425,710
Total	Resident	17,882	16,214		43,211,743
	Nonresident	3,531	3,199		35,375,357
	Total	21,413	19,413		78,587,100

NC Promise Serves Over 21,000 Students



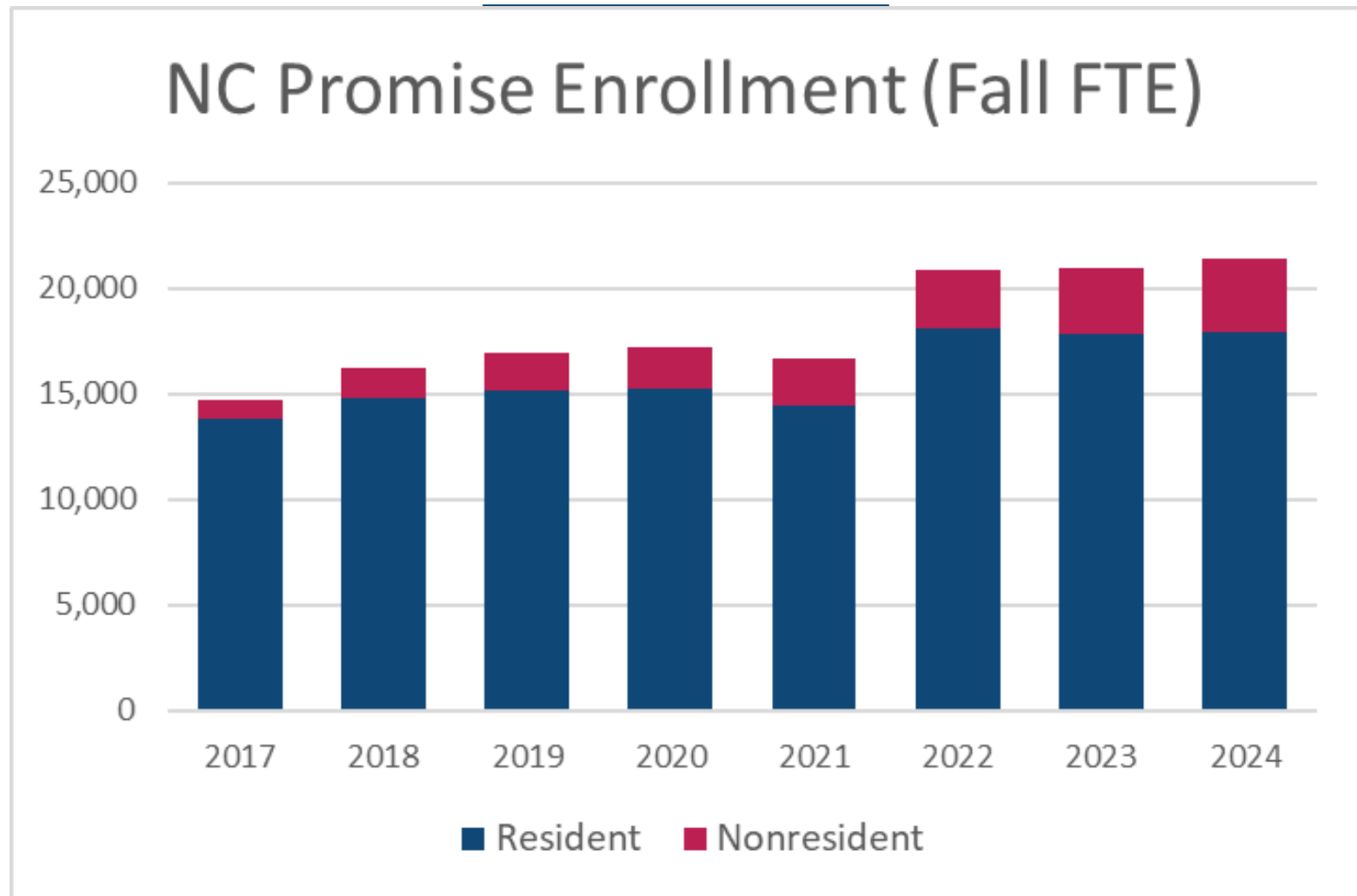
*FSU added to NC Promise effective Fall 2022

NC Promise Enrollment Trends



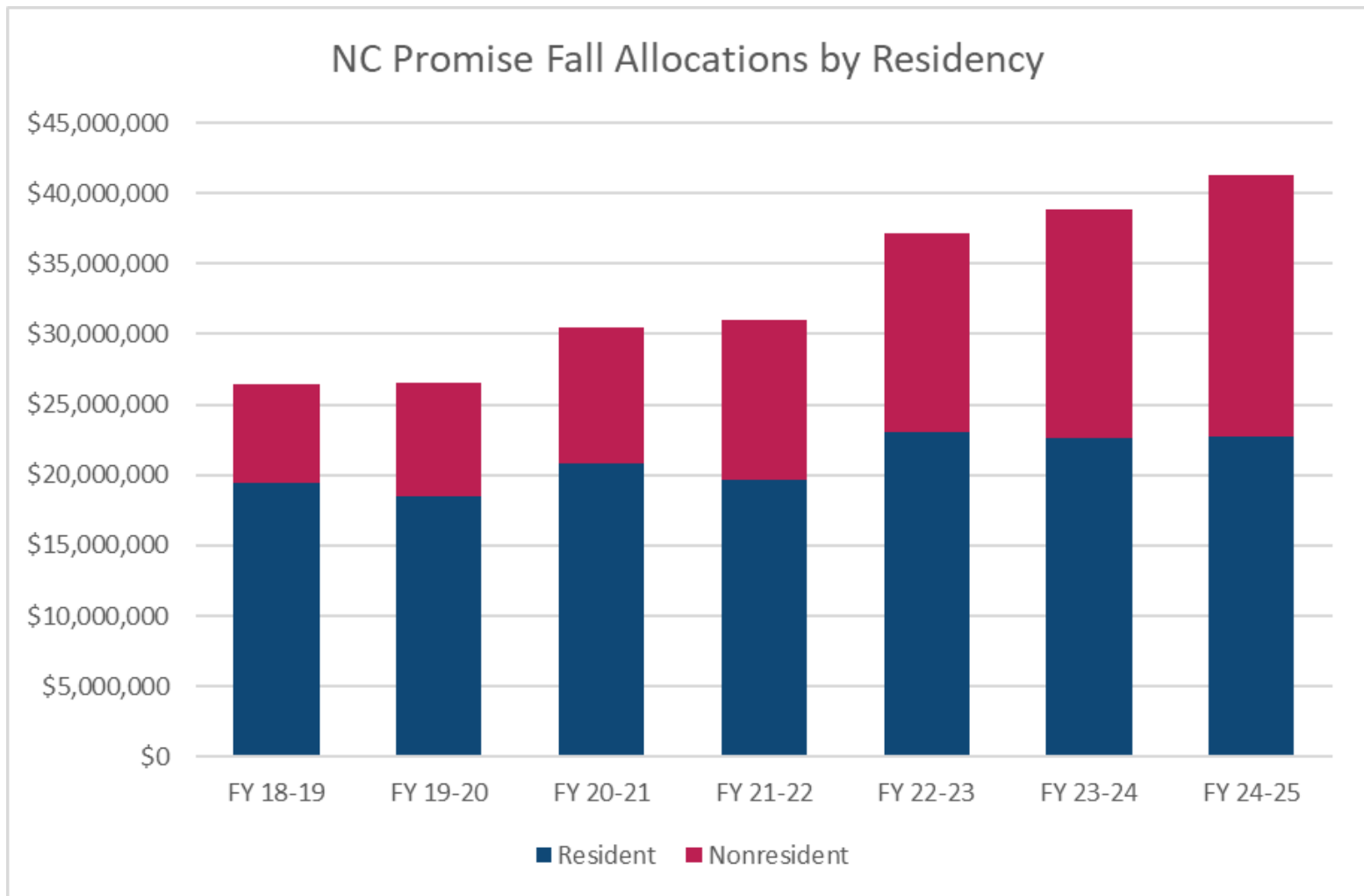
*FSU added to NC Promise effective Fall 2022

NC Promise Enrollment by Residency



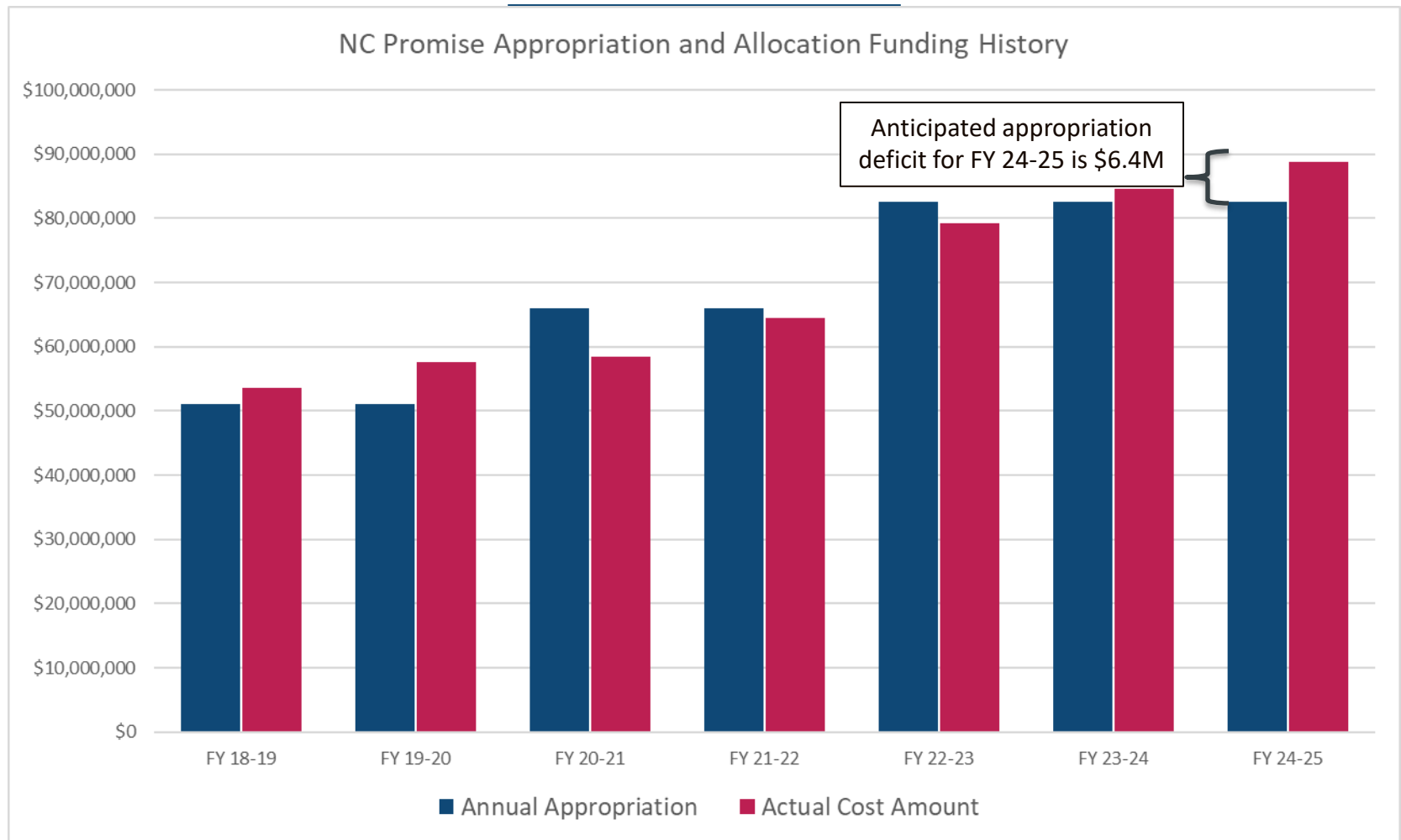
*FSU added to NC Promise effective Fall 2022

NC Promise Allocation by Residency



*FSU added to NC Promise effective Fall 2022

NC Promise Funding History



*FSU added to NC Promise effective Fall 2022

Looking Ahead

- Enrollment growth and staying aligned with non-NC Promise tuition increases impact whether the program is “fully funded.”
- Options to “fully fund” NC Promise:
 - Increase NC Promise appropriation
 - Increase NC Promise tuition rate paid by students and decrease appropriated buydown by a commensurate amount
 - Combination of the above
- Impacts on NC Promise funding, assuming flat enrollment:

	1% Buydown Rate Increase	\$100 Buydown Rate Decrease
Resident	\$ 500,000	\$ (1,975,000)
Nonresident	400,000	(375,000)
Total	900,000	(2,350,000)
Effect	Appropriation per student increases by 1%	Students pay \$100 more in tuition, appropriation per student decreases \$100





**NC Promise Tuition Plan
FY 2024-25 Annual Report
as required by G.S. 116-143.11(d)**

October 17, 2024

NC Promise Tuition Plan Annual Report 2024-25

Session Law 2016-94 created the NC Promise Tuition Plan, which sets tuition at \$500 per semester for residents and \$2,500 per semester for nonresidents at Elizabeth City State University, Fayetteville State University, University of North Carolina at Pembroke, and Western Carolina University. The North Carolina General Assembly implemented a “buy down” of any financial obligations resulting from the loss of tuition receipts with a \$51 million appropriation for each of the first two years of the program, 2018-19 and 2019-20. The General Assembly appropriated an additional \$15 million in nonrecurring funds in 2020-21, which was then appropriated on a recurring basis in 2021-22 in the 2021 Appropriations Act, for a total of \$66 million. The 2021 Appropriations Act also added Fayetteville State University to the NC Promise program beginning in 2022-23. There was an additional \$11.5 million appropriated on a recurring basis beginning in 2022-23 for the tuition buydown of FSU students and an additional \$5 million recurring in 2022-23 for enrollment growth at ECSU, UNCP, and WCU. The total appropriated for the program in 2023-24 and 2024-25 is \$82.5 million recurring.

The \$82.5 million buydown that is appropriated to offset the reduced tuition will be allocated for the 2024-25 fiscal year by the University of North Carolina System Office to ECSU, FSU, UNCP, and WCU based upon the enrollment at each institution and the difference in the tuition rate charged by the campus and the NC Promise rate. In FY 2023-24, funding was only sufficient to fund 87 percent of the buydown rate for summer.

Undergraduate enrollment at three of the four NC Promise institutions remains above enrollment prior to the implementation of the program and nonresident enrollment has increased at all four institutions. UNCP and WCU enrolled their largest classes to date in the fall 2018 at the outset of the program, and ECSU reversed a decreasing enrollment trend. FSU has increased enrollment each year since joining the NC Promise program. Undergraduate fall 2024 full-time equivalent (FTE) enrollment increased at ECSU and FSU and decreased at UNCP and WCU compared to fall 2023.

The table below shows the buydown calculation for the four NC Promise institutions. To keep up with higher costs and for parity with other institutions, the base tuition rate for nonresidents attending NC Promise institutions increased by 0.6 percent in 2024-25. The increase is equal to the average increase in nonresident tuition at the other non-research institutions in the UNC System for the 2024-25 academic year. Increasing the base tuition will increase the buydown rate for the institutions but not increase the tuition paid by students.

Table 1: Buydown Rate Calculation

Institution	Residency	Annual Rates			Buydown Rate
		Previous Base Tuition	New Base Tuition	NC Promise Tuition	
ECSU	Resident	\$ 2,856	\$ 2,856	\$1,000	\$ 1,856
	Nonresident	16,755	16,855	5,000	11,855
FSU	Resident	2,982	2,982	1,000	1,982
	Nonresident	14,905	14,994	5,000	9,994
UNCP	Resident	3,602	3,602	1,000	2,602
	Nonresident	15,910	16,005	5,000	11,005
WCU	Resident	3,971	3,971	1,000	2,971
	Nonresident	15,041	15,131	5,000	10,131

Now that enrollment has been verified at census, the initial 2024-25 allocation of the NC Promise funds will be distributed. Spring semester enrollment was estimated using a three-year average fall-to-spring retention at each institution. ECSU averaged 88.9 percent retention, FSU averaged 93.6 percent, UNCP averaged 87.2 percent retention, and WCU averaged 91.1 percent. The methodology was the same as required by G. S. 116-30.7 and previously used for the enrollment funding allocation.

Table 2: FY 2024-25 Calculated Buydown and Initial Allocation

Institution	Residency	Fall FTE	Estimated Spring FTE	Buydown Rate	Calculated Buydown
ECSU	Resident	1,386	1,233	\$ 1,856	\$ 2,430,197
	Nonresident	557	495	11,855	6,235,367
	Total	1,943	1,728		8,665,564
FSU	Resident	4,727	4,422	1,982	9,067,068
	Nonresident	655	613	9,994	6,335,170
	Total	5,382	5,035		15,402,238
UNCP	Resident	4,205	3,666	2,602	10,240,123
	Nonresident	568	496	11,005	5,853,465
	Total	4,773	4,162		16,093,588
WCU	Resident	7,564	6,892	2,971	21,474,355
	Nonresident	1,751	1,595	10,131	16,951,355
	Total	9,315	8,487		38,425,710
Total	Resident	17,882	16,214		43,211,743
	Nonresident	3,531	3,199		35,375,357
	Total	21,413	19,413		78,587,100

Because G.S. 116-143.11(d) requires the System Office to submit an NC Promise report by October 1, this report only reflects the initial allocation of NC Promise funds for this fiscal year. Allocations will be further adjusted in late February based on spring census data and in May based on the prior year's summer term enrollment. The funds remaining for summer after the spring reallocation will be insufficient to fund the full buydown rate. The System Office will distribute the funds for summer proportionally between the institutions based on the buydown rate and summer credit hours.

The NC Promise Program has been a success on multiple fronts. College affordability has increased, contributing to a significant decrease in undergraduate student debt at graduation at all NC Promise institutions. In addition, ECSU, FSU, and WCU have increased their enrollment.

AGENDA ITEM

A-3. Authorization of Associated Entity Project — East Carolina UniversityJennifer Haygood

Situation:	The East Carolina University Board of Trustees requests the University of North Carolina Board of Governors to authorize East Carolina University Educational Foundation Inc. to construct a multipurpose indoor practice facility on state property. Section 600.2.5.2[R], Para. V.J of the UNC Policy Manual, <i>Regulation on Required Elements of University-Associated Entity Relationship</i> , states that “unless approved by the Board of Governors, any acquisition, disposition, or capital project undertaken by an Associated Entity shall not materially alter the value or functionality of any State property.”
Background:	East Carolina University Educational Foundation Inc. is proposing construction of a new state-of-the-art, multipurpose indoor practice facility on university property directly adjacent to the outdoor practice fields. The facility will include a full-size 100-yard football field with an additional 20 feet of runoff space and an interior roof height of 65 feet. The 90,000-square-foot facility will provide year-round training and enhanced safety comprehensive support facilities and will accommodate multiple sports. The estimated project budget is \$24.5 million and will be funded from donations and gifts, including \$2.6 million of gifts-in-kind.
Assessment:	It is recommended that the Board approve the associated entity’s request to construct the multipurpose indoor practice facility for East Carolina University. The project will enhance the value and functionality of State property and will be funded entirely from donations and gifts.
Action:	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Authorization of Associated Entity Project — East Carolina University

ISSUE OVERVIEW

Section 600.2.5.2[R], Paragraph V.J UNC Policy Manual, *Regulation on Required Elements of University-Associated Entity Relationship*, states that “unless approved by the Board of Governors, any acquisition, disposition, or capital project undertaken by an Associated Entity shall not materially alter the value or functionality of any State property.” This requirement was instituted effective May 11, 2021, to ensure the University of North Carolina Board of Governors has adequate visibility and oversight of associated entity actions that may impact State property.

East Carolina University Educational Foundation Inc. is investing in a state-of-the-art multipurpose indoor practice facility designed to meet the training needs of multiple sports teams. The facility will feature a pre-engineered metal structure designed to house a full-size 100-yard football field with an additional 20 feet of runoff space around the perimeter. Its roof height will reach at least 65 feet at its center, providing ample clearance for football kicking practice. Safety is a key focus, with wall padding surrounding the entire practice area and sufficient runoff space to minimize the risk of injuries. The facility will be designed with the flexibility to enhance training opportunities for various athletic programs and will include an athletic training room, storage spaces, and sports medicine support areas to provide resources for recovery, treatment, and performance optimization.

The building's exterior will feature insulated metal wall cladding, translucent polycarbonate panels, and a brick base. To promote air circulation, the facility will have eight overhead doors and be climate-controlled, with two large air-rotation units for heating and air conditioning. This will provide athletes with a comfortable, year-round practice space regardless of weather conditions. The new facility will be located next to the outdoor fields, creating an integrated sports training hub.

East Carolina University Educational Foundation Inc. has committed to fully funding the construction of the facility, with a total estimated cost of \$24.5 million. The project will include a \$2.6 million contribution in the form of gifts-in-kind (GIK), leaving a funding requirement of \$21.9 million. The project is 100 percent committed, with approximately \$9.6 million in gifts received to date and the balance in outstanding pledges.

On September 13, 2024, the foundation board approved moving forward with the project, contingent upon the approval of the UNC Board of Governors.

RECOMMENDATION

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





AGENDA ITEM

- A-4. Authorized Use of Special Obligation Bonds “Commercial Paper” —
University of North Carolina at Chapel HillJennifer Haygood

Situation: The University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) requests that the University of North Carolina Board of Governors authorize UNC-Chapel Hill to finance, under its existing commercial paper program, all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the North Carolina General Assembly under S.L. 2024-24 (HB 912):

- Chilled Water Infrastructure Expansion – Phase 1 (\$102,600,000)
- Translational Research Building (\$205,600,000)

Background: The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. The Board previously issued the University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A, to establish a commercial paper program to provide interim financing for certain projects for UNC-Chapel Hill. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings. This request would authorize UNC-Chapel Hill to finance the projects approved under S.L. 2024-24 (HB 912) under its existing commercial paper program.

Assessment: All projects in this request have been previously approved by the Board of Governors and were approved by the General Assembly under S.L. 2024-24 (HB 912).

UNC-Chapel Hill currently has an issuer credit rating of “Aaa” with a stable outlook by Moody’s Ratings, an issuer credit rating of “AAA” with a stable outlook by S&P Global Ratings, and an issuer credit rating of “AAA” with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill’s credit ratings.

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

Authorized Use of Special Obligation Bonds “Commercial Paper” — University of North Carolina at Chapel Hill

ISSUE OVERVIEW

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

The Board previously issued the University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A (the “Commercial Paper”) to establish a commercial paper program to provide interim financing for certain projects for the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”) that have been previously approved by the Board and the General Assembly. Amounts outstanding under the commercial paper program are repaid from time to time from university funds or from proceeds of long-term financings.

UNC-Chapel Hill requests permission from the Board of Governors to finance under its commercial paper program all or a portion of the costs of the capital improvement projects previously approved by the Board and authorized by the General Assembly under S.L. 2024-24.

- Chilled Water Infrastructure Expansion – Phase 1 (\$102,600,000)
- Translational Research Building (\$205,600,000)

UNC-Chapel Hill plans to refund commercial paper with long-term debt when the commercial paper outstanding balance is approximately \$100 million. The Chilled Water Infrastructure Expansion comprises three separate projects: East Chiller Plant renovation; North Chiller Plant renovation; and construction of the new Bernard Chiller Plant. These projects are currently in the planning phase. North Chiller is expected to be completed by the fourth quarter of FY2027. East Chiller is expected to be completed by the second quarter of FY2027, and Bernard Chiller is expected to be completed by the second quarter of FY2028. The Translational Research Building is in the planning phase with expected completion by the fourth quarter of FY2029. Based on estimated construction schedules, the conversion to permanent debt financing will occur in FY2026, FY2027, and FY2029.

UNC-Chapel Hill currently has an issuer credit rating of “Aaa” with a stable outlook by Moody’s Ratings, an issuer credit rating of “AAA” with a stable outlook by S&P Global Ratings, and an issuer credit rating of “AAA” with a stable outlook by Fitch Ratings. The transaction is not expected to have any impact on UNC-Chapel Hill’s credit ratings.

Parker Poe is bond counsel, and PFM is the financial advisor.

RECOMMENDATION

It is recommended that the Board authorize the president, or his designee, to utilize Commercial Paper to finance the previously approved projects through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH
CAROLINA SYSTEM AUTHORIZING SPECIAL OBLIGATION BOND PROJECTS
FOR THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

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

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

WHEREAS; the Board has previously issued the University of North Carolina System Commercial Paper Bonds (UNC-Chapel Hill/NC State) (the “*Commercial Paper*”), proceeds of which are available to the University of North Carolina at Chapel Hill (“*UNC-Chapel Hill*”) in order to finance the costs of certain projects on the campus of UNC-Chapel Hill;

WHEREAS; the Board has determined to add to the list of projects eligible to be financed with the proceeds of the Commercial Paper and any other special obligation bonds (collectively, the “*Bonds*”) issued by the Board on behalf of UNC-Chapel Hill, the projects approved by the North Carolina General Assembly in S.L. 2024-24, AN ACT TO AUTHORIZE THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND OR THE STATE CAPITAL AND INFRASTRUCTURE FUND, OF CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA, and listed in Exhibit A to this resolution (collectively, the “*Special Obligation Bond Projects*”); and

WHEREAS, under the General Trust Indenture dated as of January 15, 2001 (the “*UNC-Chapel Hill General Indenture*”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee, special obligation bonds issued under the UNC-Chapel Hill General Indenture are payable solely from any funds of UNC-Chapel Hill or the Board in each Fiscal Year remaining after satisfying obligations of UNC-Chapel Hill or the Board under a trust indenture, trust agreement, or bond resolution providing for the issuance of debt as of the date of the UNC-Chapel Hill General Indenture with respect to UNC-Chapel Hill, including Unrestricted General Fund balances and Unrestricted Quasi-Endowment Fund balances shown as such on UNC-Chapel Hill’s financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC-Chapel Hill students, (3) funds whose purpose has been restricted by the gift, grant, or payee thereof and (4) revenues generated by Special Facilities, as defined in the UNC-Chapel Hill General Indenture (the “*UNC-Chapel Hill Available Funds*”);

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

Section 1. ***Authorization of Special Obligation Bonds Projects.*** That the Board hereby approves and ratifies the use of the proceeds of the Bonds for the Special Obligation Bond Projects listed in Exhibit A to this resolution and the costs of issuance related to the Bonds.

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

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

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

PASSED, ADOPTED, AND APPROVED this 17th day of October, 2024.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

COUNTY OF WAKE

)

I, Meredith R. McCullen, Associate Vice President and Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its meeting on October 17, 2024 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on October 17, 2024 was sent to each member of the Board, and (3) a quorum was present at the meeting on October 17, 2024 at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this ____ day of _____, 2024.

[SEAL]

Associate Vice President and Secretary of the University
of North Carolina System

EXHIBIT A

UNC-CHAPEL HILL PROJECTS

The following projects at UNC-Chapel Hill approved by the North Carolina General Assembly in S.L. 2024-24, AN ACT TO AUTHORIZE THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND OR THE STATE CAPITAL AND INFRASTRUCTURE FUND, OF CERTAIN CAPITAL IMPROVEMENT PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA, are added to the list of projects eligible to be financed with proceeds of special obligation bonds issued by the Board of Governors on behalf of UNC-Chapel Hill:

Translational Research Building (\$205,600,000)

Chilled Water Infrastructure Expansion – Phase 1 (\$102,600,000)

AGENDA ITEM

A-5. Capital Improvement Projects..... Katherine Lynn

- Situation:** Appalachian State University and the University of North Carolina Wilmington have requested three new capital improvement projects and App State, NC State University, and the University of North Carolina at Charlotte have requested increased authorization for three 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, NC State, UNC Charlotte, and UNC Wilmington 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, NC State University, University of North Carolina at Charlotte, and University of North Carolina Wilmington

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.

Four UNC System institutions have requested six capital improvement projects: three new projects and three projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Hill Street Steam Vault Replacement	\$2,000,000	\$0	\$2,000,000	Utility Trust Funds
<i>App State Subtotal</i>		<i>\$2,000,000</i>	<i>\$0</i>	<i>\$2,000,000</i>	
University of North Carolina Wilmington					
2.	McNeil Hall Renovations	\$13,942,433	\$0	\$13,942,433	Carry-forward (27.8%)/Trust Funds (72.2%)
3.	Suites Roofing Replacements	\$3,427,778	\$0	\$3,427,778	Housing Receipts
<i>UNC Wilmington Subtotal</i>		<i>\$17,370,211</i>	<i>\$0</i>	<i>\$17,370,211</i>	
Grand Total		\$19,370,211	\$0	\$19,370,211	

II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
4.	Water Plant Wastewater Discharge to Town of Boone	\$1,500,000	\$747,000	\$753,000	Utility Trust Funds
<i>App State Subtotal</i>		<i>\$1,500,000</i>	<i>\$747,000</i>	<i>\$753,000</i>	
NC State University					
5.	University Towers Residence Hall Renovation	\$39,050,000	\$25,400,000	\$13,650,000	Housing, Transportation, and Dining Receipts
<i>NC State Subtotal</i>		<i>\$39,050,000</i>	<i>\$25,400,000</i>	<i>\$13,650,000</i>	
University of North Carolina at Charlotte					
6.	Richardson Stadium Expansion	\$70,000,000	\$60,000,000	\$10,000,000	Dining Receipts
<i>UNC Charlotte Subtotal</i>		<i>\$70,000,000</i>	<i>\$60,000,000</i>	<i>\$10,000,000</i>	
Grand Total		\$110,550,000	\$86,147,000	\$24,403,000	

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

There are no chancellor-authorized repairs and renovations projects less than \$600,000 to report.

AGENDA ITEM

- A-6. Revision to 2021-23 Engineering NC's Future Capital Project –
NC State University Katherine Lynn

Situation:	On May 26, 2022, the University of North Carolina Board of Governors approved the authorization of \$90 million of Engineering NC's Future funding for specific capital projects at North Carolina Agricultural and Technical State University, NC State University, and the University of North Carolina at Charlotte. NC State requests approval to revise a previously approved capital project.
Background:	The 2021 Appropriations Act (S.L. 2021-180) authorized \$90 million for the biennium specifically for capital improvements to support key engineering programs at North Carolina A&T State University, NC State, and the University of North Carolina at Charlotte. The funds were to be equally divided between the three constituent institutions and used for "capital improvements to existing buildings on that institution's campus that will allow for expanded offerings and enrollments related to that campus' engineering program." The Board approved specific capital projects for N.C. A&T, NC State, and UNC Charlotte that met the funding requirements.
Assessment:	It is recommended that the Board approve the revision of the previously approved 2021-23 Engineering NC's Future capital project for NC State. The revision continues to support expansion of engineering programs in existing buildings at NC State.
Action:	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Revision to 2021-23 Engineering NC’s Future Capital Improvement Projects – NC State University

ISSUE OVERVIEW

The 2021 Appropriations Act (S.L. 2021-180) authorized \$45 million for each fiscal year of the biennium specifically for the capital improvements to support key engineering programs at North Carolina Agricultural and Technical State University, North Carolina State University, and the University of North Carolina at Charlotte. The funds were equally divided between the three constituent institutions to fund “capital improvements to existing building on that institution’s campus that will allow for expanded offerings and enrollments related to that campus’ engineering program.” The proposed capital projects for each university were approved by the University of North Carolina Board of Governors on May 26, 2022.

NC State is requesting a revision to the project scope for the following capital project.

Project: Renovate Research Buildings II and IV and Engineering Buildings I, II, and III

Total Estimated Project Cost: \$18,000,000

Additional Funding Available: \$0

Original Scope: The project includes partial renovation of multiple buildings on Centennial Campus to provide growth in multiple engineering disciplines. The renovation of Research Buildings II and IV will include approximately 37,000 square footage (SF) and the renovation of Engineering Buildings I, II, and III will include approximately 5,000 SF. The renovations include relocating engineering and non-engineering units to address engineering programs’ adjacency requirements.

Revised Scope: The renovations of Research Buildings II and IV will be reduced from 37,000 SF to 32,000 SF. The project will be expanded from 5,000 SF to 25,000 SF in Engineering Buildings I, II, and III and three additional buildings will be added: Monteith Engineering Research Center, Fitts-Woolard Hall, and Partners II.

RECOMMENDATION

It is recommended that the Board approve the revision to the 2021-23 Engineering NC’s Future capital project for NC State.

AGENDA ITEM

A-7. Acquisition of Property by Lease — NC State University Katherine Lynn

Situation: NC State University Board of Trustees requests authorization to acquire property by lease of approximately 20,037 square feet in the Venture III building, 900 Main Campus Drive, Raleigh, North Carolina, on the Centennial Campus.

Background: Since 2007, NC State's Institute for Advanced Analytics (IAA) has leased classroom, office, and student support space on the Centennial Campus. In 2015, IAA leased 29,300 square feet at Alliance One, 901 Main Campus Drive, Raleigh, North Carolina on the Centennial Campus. The current lease expires in 2025. NC State is requesting authorization to enter into a lease for a new location. The proposed lease is for a 12-year term with one option to renew for an additional five years. The annual rent for year one is \$871,610 with an annual escalation of three percent.

The NC State Board of Trustees approved the acquisition by lease on September 6, 2024.

Assessment: It is recommended that the acquisition by lease be approved to support the continuation of the IAA program.

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

Acquisition of Property by 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 acquisition of property by lease of approximately 20,037 square feet of classroom and office space in the Venture III building, 900 Main Campus Drive, Raleigh, North Carolina on the Centennial Campus.

Since 2007, NC State's Institute for Advanced Analytics (IAA) has leased classroom, office, and student support space on the Centennial Campus. In 2015, IAA leased 29,300 square feet at Alliance One, 901 Main Campus Drive, Raleigh, North Carolina on the Centennial Campus. The current lease expires in 2025. NC State is requesting authorization to enter into a lease for a new location. The proposed lease is for a 12-year term with one option to renew for an additional five years. The annual rent for year one is \$871,610 with an annual escalation of three percent.

NC State requested approval to use the strategic lease process to negotiate the new lease. The IAA program has specific program and business needs that require the program to be located on the Centennial Campus including high-speed connectivity for data-intensive research, secure and reliable access to specialized computer network resources, collaboration and interdisciplinary synergy, compliance with data governance and privacy regulations, and reliable power supply and IT support.

The lessor, Centennial Campus Property, LLC, c/o Lincoln Property Company, includes utilities, janitorial, and maintenance in the lease rate. Additionally, the lessor will provide \$3.8M to fund improvements to the space to meet the needs of IAA. Funding for the lease payments will be from summer tuition and tuition premium.

The NC State Board of Trustees approved the acquisition of property by lease on September 6, 2024.

RECOMMENDATION

It is recommended that the Board of Governors approve the request for acquisition of property by lease. This item also requires approval from the Council of State.

STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: September 5, 2024

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

This Property is needed for the following reasons and purposes: North Carolina State University requests approval to execute a new space lease for the office and classroom space for the Institute for Advanced Analytics ("IAA") at Venture Building III on Centennial Campus.

Name and Address of Present Owner: Centennial Campus Property, LLC (Landlord), c/o Lincoln Property Company, 1730 Varsity Drive, Suite 300, Raleigh, NC 27606

Description of Property: Approximately 20,037 rentable square feet located at the Venture Building III, 900 Main Campus Drive, portion of 1st and 2nd floors. *Note: Given the location requirements for this need, this transaction is considered a site-specific, strategic location in accordance with UNC Policy Manual 600.1.3.1[R]*

Term: Initial lease term of twelve (12) years, with one five (5) year renewal option at fair market value.

Rental price (if applicable):

- Year 1 rental rate of \$43.50 per rentable SF (\$871,609.50/year) with an annual escalation of 3%.
- Rate includes utilities, janitorial services, maintenance and operating expenses.
- Landlord shall fund and deliver the Premises to Tenant in accordance with a mutually acceptable design up to \$3.8M (\$190/RSF), which includes hard and soft project costs, as well as funds that will cover costs associated with IAA's A/V, security system, telecom/data, signage, branding, moving expenses, and the services of a third-party project manager to represent Tenant.

Funding: IAA's funding for rental space is comprised of revenues from summer tuition and tuition premium.

Item:


In the event the above-described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details. No.

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Board of Trustees and is recorded in the minutes thereof on September 6, 2024 (date).

Signature:

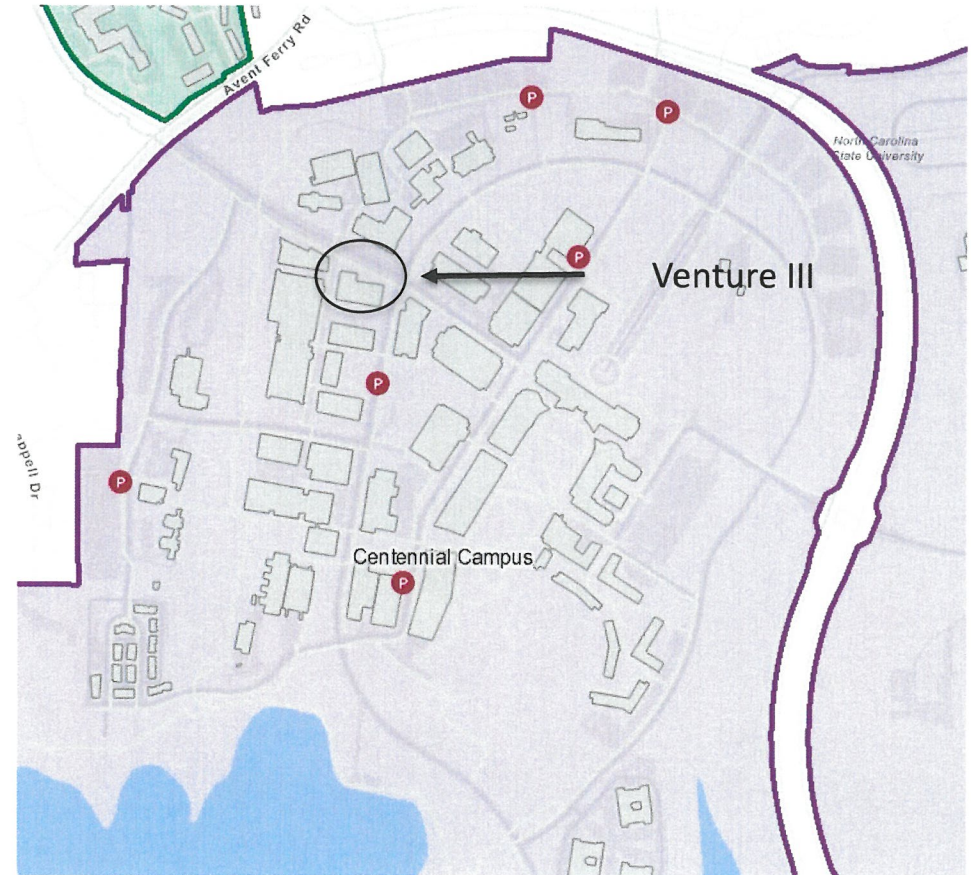
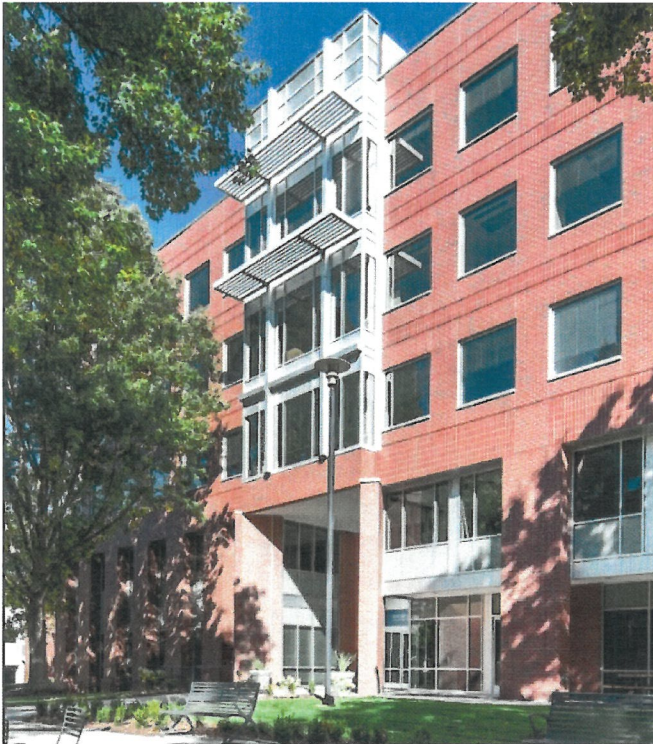
Title:


Assistant Secretary, Board of Trustees

*The term "real property" includes timber rights, mineral rights, etc. (GS §146-64)

Acquisition by Lease

Venture Building III
(Centennial Campus)



AGENDA ITEM

A-8. Disposition of Property by Ground Lease — NC State University Katherine Lynn

Situation: NC State University Board of Trustees requests authorization to dispose of property by ground lease at the Central Crops Research Station, 13223 US Business Hwy 70 West, Clayton, North Carolina.

Background: The ground lease for approximately 523 acres at the Central Crops Research Station is for a 20-year term with an option to renew for an additional 20 years. The ground lease will establish non-exclusive property rights that will allow the United States Department of Agriculture – Agricultural Research Service (USDA-ARS) and NC State to jointly identify land improvement projects to be funded and, after approval, executed by USDA for the benefit of the Central Crops Research Station. The ground lease will establish property rights through a long-term ground lease that will support USDA-ARS funding to improve state land.

The NC State Board of Trustees approved the disposition by ground lease on September 6, 2024.

Assessment: The disposition by ground lease supports the partnership between NC State and USDA-ARS.

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 to dispose of property by ground lease at the Central Crops Research Station, 13223 US Business Hwy 70 West, Clayton, North Carolina.

For over 70 years, NC State has partnered with the United States Department of Agriculture – Agricultural Research Service (USDA-ARS) to carry out cooperative research for joint projects and co-location of personnel at research sites and facilities in North Carolina. NC State has an existing cooperative agreement with USDA-ARS to provide their personnel access to university land and facilities and shared responsibility and use of USDA-owned facilities and equipment. The entire property, which includes approximately 523 acres, will be ground leased for a term of 20 years, with an option to extend for an additional 20 years, at a nominal rate of \$1 per year.

This ground lease establishes non-exclusive property rights that substantiate USDA-ARS investment of funds to improve state land as contemplated in the cooperative agreement. USDA-ARS and NC State will jointly identify land improvement projects to be funded and, after receiving the required approvals from NC State and other entities, will be executed by USDA-ARS for the benefit of Research Station operations. The ground lease will establish property rights through a long-term ground lease that will support USDA-ARS funding to improve state land.

The NC State Board of Trustees approved the disposition by ground lease on September 6, 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: North Carolina State University

Date: September 5, 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:

NC State University is requesting approval of a non-exclusive ground lease to the United States Department of Agriculture, Agricultural Research Service (USDA ARS) at the Central Crops Research Station for a period of twenty (20) years with a twenty (20) year renewal option. This non-exclusive ground lease will formalize real property rights consistent with the cooperative management of the property by the two entities. Specifically, the non-exclusive lease will allow the USDA ARS and NC State to work together to identify land improvement projects to be funded and carried out by the USDA for the benefit of Research Station operations, with the prior approval of NC State University.

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

13223 US Business Hwy 70 West, Clayton, NC - See Exhibits B.

Estimated value: \$0

Where deed is filed, if known: Johnston County, NC Register of Deeds

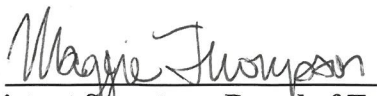
If deed is in the name of agency other than applicant, state the name: N/A

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

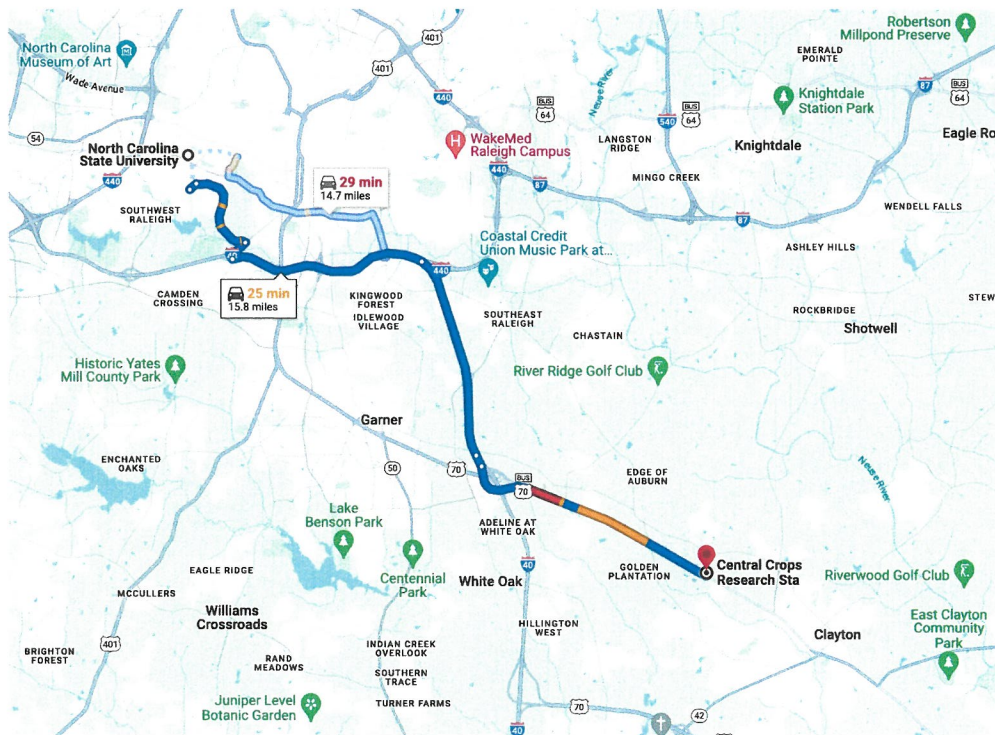
Funds from the disposal of this property are recommended for the following use: N/A

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Board of Trustees and is recorded in the minutes thereof on September 6, 2024 (date).

Signature 
Title: Assistant Secretary, Board of Trustees

Disposition by (Non-Exclusive) Ground Lease – USDA – Agricultural Research Service



Central Crops Research Station – Clayton, NC

