April 15, 2026, at 9 a.m.
Via Videoconference and PBS North Carolina Livestream
Morganton Campus of North Carolina School of Science and Mathematics
901 Burkemont Avenue, Joiner Hall, Third Floor
Morganton, North Carolina

AGENDA

OPEN SESSION

A-1. Approval of the Open Session Minutes of February 25, 2026 .... Kirk Bradley

A-2. FY 2025 University of North Carolina System Debt Capacity Study .... Jennifer Haygood

A-3. Additional 2025-26 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Allocations .... Katherine Lynn

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

A-5. Revision to 2021-23 Engineering NC's Future Projects — NC State University .... Katherine Lynn

A-6. Adjourn

Additional Information Available:

A-2. FY 2025 University of North Carolina System Debt Capacity Study (full report)
University of North Carolina Quarterly Capital Projects Report for April 1, 2026

DRAFT MINUTES

February 25, 2026, at 9:30 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 Karrie Dixon, Lee Roberts, and Philip Rogers.

The committee Faculty Assembly advisor present was Jim Westerman.

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

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

The chair called the meeting to order at 9:30 a.m., Wednesday, February 25, 2026. Chair Bradley recognized North Carolina House Rep. Ray Pickett; Jeffrey Elmore from Speaker Destin Hall's office; Don D'Ambrosi from Rep. Dean Arp's office; Michael Whitfield, Bryson Penley, and Drupti Chauhan from the Legislative Analysis Division; and Steve Bailey and Mya Lowry from the Fiscal Research Division.

The open session minutes from the Wednesday, January 28, 2026, meeting were approved by unanimous consent.

2. Authorization of Tuition for 2026-27 (Item A-2)

The chair called on Senior Vice President Jennifer Haygood to present the 2026-27 tuition proposals submitted by the University of North Carolina System constituent institutions. Resident undergraduate tuition rates for 2026-27 will only apply to the cohort of students that enroll in the fall of 2026. The chancellors and their boards of trustees requested tuition rate increases for students consistent with legislative and UNC System Office guidelines.

The chair asked for a motion to approve the 2026-27 tuition proposals.

MOTION: Resolved, that the Committee on Budget and Finance approve the tuition proposals for 2026-27 and recommend it to the full Board of Governors for a vote.

Motion: Harry Brown
Motion carried

3. Authorization of Fees for 2026-27 (Item A-3)

The chair called on Vice President Brandy Andrews to present the 2026-27 fee proposals submitted by the University of North Carolina System institutions. The proposals were accompanied by an expenditure plan showing how the additional revenues would be important for the fee-supported activity.

The chair asked for a motion to approve the 2026-27 fee proposals.

MOTION: Resolved, that the Committee on Budget and Finance approve the fees proposals for 2026-27 and recommend them to the full Board of Governors for a vote.

Motion: Reginald Holley
Motion carried

4. Cates West Redevelopment — NC State University (Item A-4)

The chair called on NC State University's Executive Vice Chancellor for Finance and Administration Charles Maimone to present the Cates West master plan for replacement of the existing student housing and dining facilities.

The item was for discussion only.

5. Carolina Housing Master Plan — University of North Carolina at Chapel Hill (Item A-5)

The chair called on the University of North Carolina at Chapel Hill's Vice Chancellor for Finance and Operations Nathan Knuffman to present the Carolina Housing Master Plan to renovate, replace, or add student housing beds to support an increase in enrollment.

The item was for discussion only.

6. Sale of Special Obligation Bonds — University of North Carolina Asheville (Item A-6)

The chair called on Ms. Haygood to present the University of North Carolina Asheville's request to issue special obligation bonds in a principal amount not to exceed $30.5 million for the purpose of (a) refinancing all or a portion of UNC Asheville's General Revenue Bonds, Series 2017 and (b) paying certain costs incurred in connection with the issuance of the 2026 Bonds.

The chair called for a motion to approve the sale of the special obligation bonds.

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

Motion: Harry Brown
Motion carried

7. Capital Improvement Projects (Item A-7)

Chair Bradley called on Vice President Katherine Lynn to present the capital improvement projects for the authorization of 10 new capital projects at five institutions for a total of $165,662,105 and four increased authorizations at four institutions for a total of $3,647,909.

The chair asked for a motion to approve the new capital improvement projects and increased authorizations.

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

Motion: John Fraley
Motion carried

Chair Bradley called on Ms. Haygood to remind the committee that the Report on State Budget Allocations and Policies was provided as additional information available in its materials.

8. Adjourn (Item A-8)

There being no further business and without objection, the meeting adjourned at 10:32 a.m.

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Reginald Holley, Secretary

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
April 15, 2026

AGENDA ITEM

A-2. FY 2025 University of North Carolina System Debt Capacity Study.........................Jennifer Haygood

Situation: The University of North Carolina System Office is required to prepare and submit to the North Carolina General Assembly a debt capacity study detailing the System's current debt load and capacity to borrow.

Background: G.S. 116D-56 requires the University of North Carolina Board of Governors to annually advise the General Assembly and the governor on the estimated debt capacity of the UNC System for the upcoming five years. The provision also requires each constituent institution to report current and anticipated debt levels, current bond rating and information about any changes to that rating, information about the institution's debt management policies, and comparisons to peer institutions.

Assessment: The System Office has prepared the 2025 UNC System Debt Capacity Study in compliance with G.S. 116D-56. The study finds that all 16 institutions increased their debt capacity over the five-year study period, 13 institutions have increased their debt capacity compared to last year, and all 16 institutions have maintained or improved at least one of their primary financial ratios since the 2024 study.

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

UNC SYSTEM
FY 2025 DEBT CAPACITY STUDY

Committee on Budget and Finance
April 15, 2026

Overview of FY 2025 Debt Capacity Study

UNC System Report

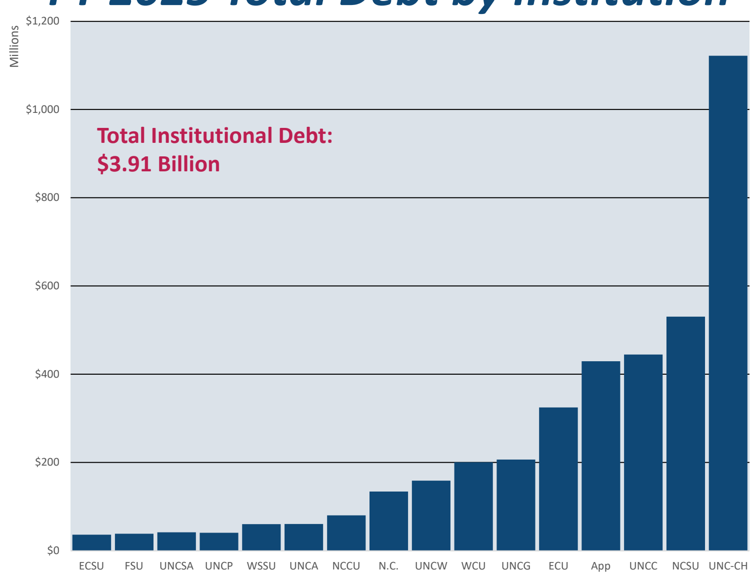
- G.S. 116D-56 requires the Board to advise stakeholders "on the **estimated debt capacity of The University of North Carolina for the upcoming five fiscal years**."
- The Debt Capacity Study focuses on the following elements:
  - UNC System's current approach to evaluating debt and the complexity of the credit rating process;
  - Assignment of each institution's estimated debt capacity over a five-year period; and
  - Recommendations for the use of the study and suggestions for future improvement.
- Debt capacity increases for all 16 institutions over the five-year study period, 13 institutions have increased their debt capacity compared to last year, and all 16 institutions have improved at least one of their primary financial ratios since the 2024 study.

Overview of FY 2025 Debt Capacity Study

Institution Reports

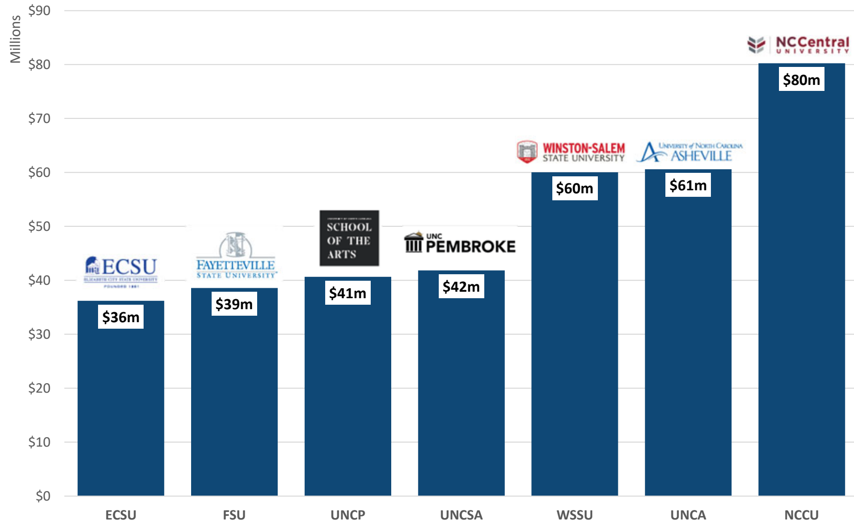
- Each institution report provides context for the institution's financial model and addresses the legislative requirements.
- Institution reports contain the following components:
  - Overview of recent enrollment trends and other general performance metrics;
  - Explanation of factors considered in setting growth factors;
  - Summary of projected results for the financial model's three financial ratios;
  - Current debt and credit profiles, including details on financed projects, sources of repayment, and recommendations for maintaining or improving the institution's credit rating; and
  - Copy of any existing debt management policy.

FY 2025 Total Debt by Institution



Note: Debt is as of 6/30/25 and excludes non-recourse and P3 debt.

FY 2025 Total Debt by Institution with < $100M in Total Debt



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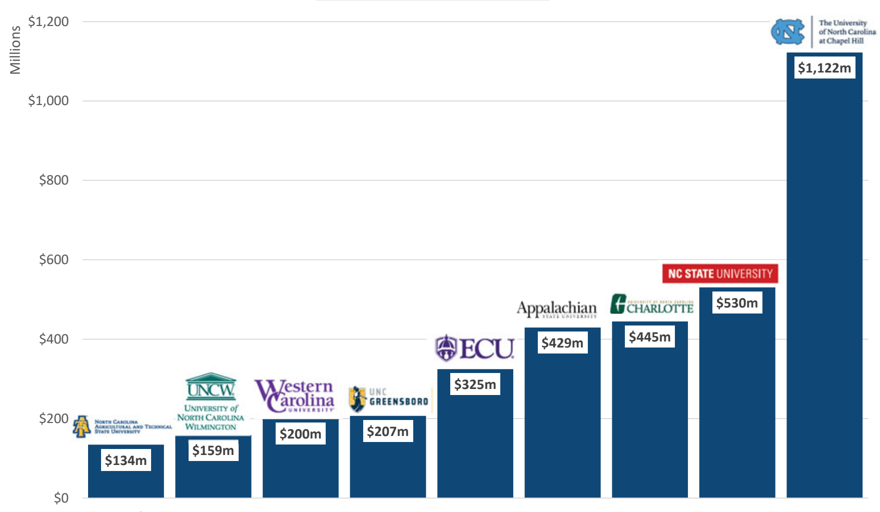
FY 2025 Total Debt by Institution with > $100M in Total Debt



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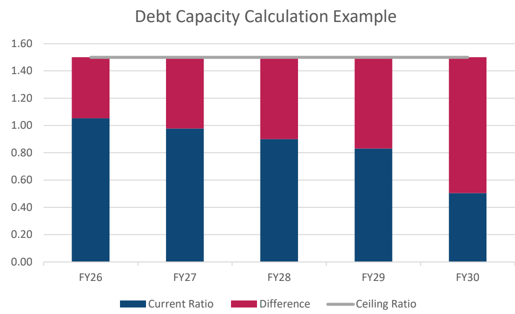
How is Debt Capacity Calculated?

Step 1: Total Debt / Obligated Resources = Current Ratio

App State Example: $429,289,737 / $407,561,825 = 1.05

Step 2: (Ceiling Ratio – Current Ratio) * Obligated Resources = Debt Capacity

App State Example: (1.50 – 1.05) * $407,561,825 = $182,053,000



Obligated Resources = funds legally available to repay debt

Debt Capacity represents the difference between the current ratio (blue bar) and the ceiling ratio (gray line)

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What Causes Debt Capacity to Change?

Increase

- Paying down existing debt
- Increase in "obligated resources"
  - Enrollment growth
  - Auxiliary revenue growth
  - Strong fundraising and investment returns
- Increase ceiling ratio
- Credit rating increase
- Refinancing at a lower interest rate

Decrease

- Issuing new debt
- Decrease in "obligated resources"
  - Enrollment decline
  - Reduced auxiliary revenues
  - Lower investments returns
- Decrease ceiling ratio
- Credit rating decrease
- Higher interest rates

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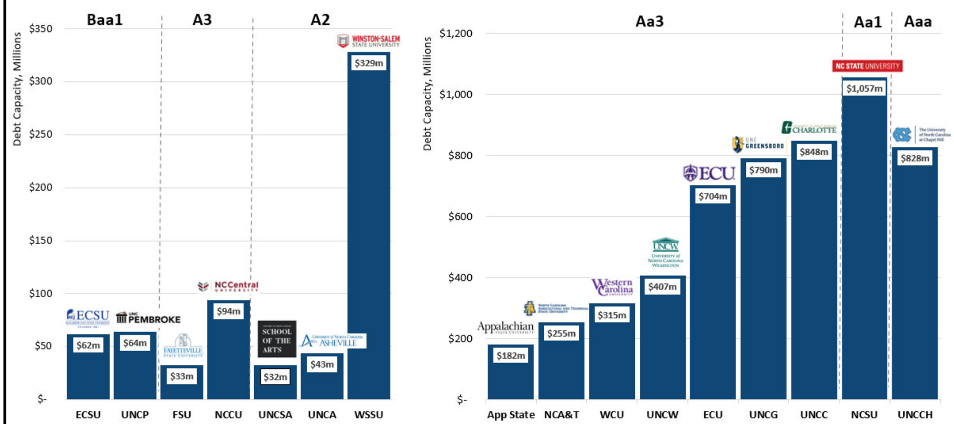
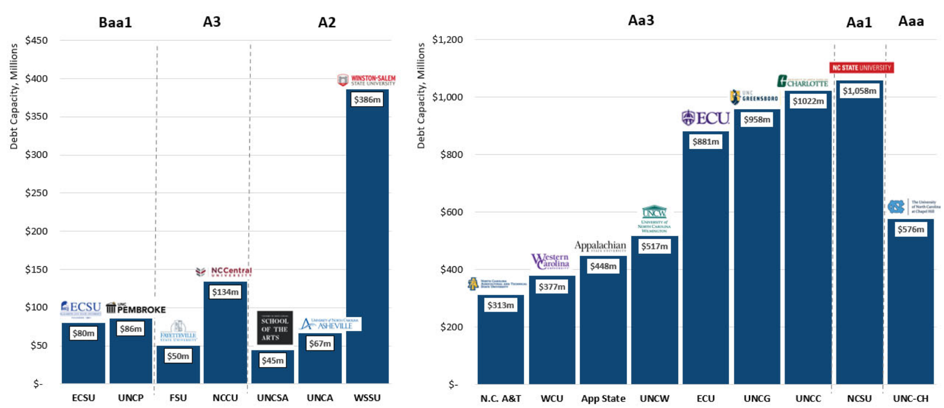
Debt Capacity in FY 2026



FSU is not currently rated by Moody's Ratings. FSU has been grouped based on its corresponding rating from S&P Global Ratings. S&P Global Ratings is no longer assigning a rating for UNCP. UNCP has been grouped based upon previous ratings.

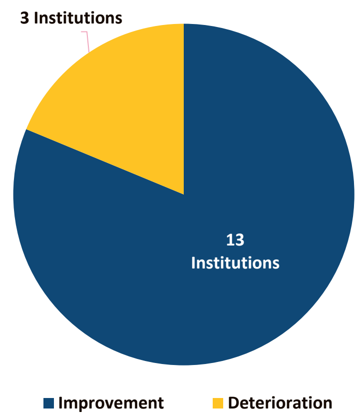
Projected Debt Capacity in FY 2030



FSU is not currently rated by Moody's Ratings. FSU has been grouped based on its corresponding rating from S&P Global Ratings. S&P Global Ratings is no longer assigning a rating for UNCP. UNCP has been grouped based upon previous ratings.

Campus Debt Capacity Trends

Debt Capacity vs. FY 2024 Study



Breakdown of Debt Capacity Changes

- 13 institutions improved their debt to obligated resources ratio as compared to the prior year.
- UNCSA's capacity decreased due to the reduction of Available Funds of approximately $3 million from FY2024.
- N.C. A&T's capacity decreased due the reduction of Available Funds of approximately $20 million from FY2024.
- App State's capacity decreased due to two new debt issuances in December 2024 and May 2025.

Campus Ratios Compared to Prior Year's Study

Institution	Debt to Obligated Resources	5-Year Payout Ratio	Debt Service to Operating Expenses
App State	1.05	64%	5.59%
ECU	0.42	24%	2.31%
ECSU	0.83	25%	3.08%
FSU	1.14	34%	2.17%
N.C. A&T	0.60	17%	2.00%
NCCU	0.92	35%	2.71%
NC State	0.42	30%	2.12%
UNCA	1.16	24%	5.30%
UNCCH	0.30	18%	1.80%
UNCC	0.60	25%	4.36%
UNCG	0.52	39%	5.08%
UNCP	0.78	51%	2.40%
UNCW	0.64	24%	3.21%
UNCSA	1.13	14%	2.85%
WCU	0.78	22%	5.56%
WSSU	0.46	37%	4.32%

Improvement from prior year
Decline from prior year
No change from prior year

Observations

- 12 institutions improved their debt to obligated resources ratio as compared to the prior year.
- 13 institutions improved their 5-Year Payout Ratio.
- 10 institutions improved their Debt Service to Operating Expenses Ratio.

Campus Credit Rating Changes Since Prior Study

Institution	Moody's	S&P	Fitch
App State	Aa3		
ECSU	Baa1		
ECU	Aa3	AA-	
FSU		A-	A
N.C. A&T	Aa3		AA
NCCU	A3		
NC State	Aa1	AA+	
UNCA	A2		
UNC-CH	Aaa	AAA	AAA
UNCC	Aa3	AA-	
UNCG	Aa3	A+	
UNCP			
UNCSA	A2		
UNCW	Aa3		
WCU	Aa3		
WSSU	A2	A-	

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Observations

- S&P upgraded NC State's rating from "AA" to "AA+" in July 2025.
- Fitch upgraded N.C. A&T's rating from "AA-" to "AA" in July 2025.
- Fitch affirmed FSU's "A+" rating and revised the outlook from "Stable" to "Positive" in July 2025.
- Moody's affirmed ASU's "Aa3" rating and revised the outlook from "Negative" to "Stable" in August 2025.
- S&P affirmed WSSU's "A-" rating and revised the outlook from "Stable" to "Positive" in November 2025.

Note: S&P Global is no longer providing a credit rating for UNCP's general revenue bonds. UNCP's most recent A- rating was in 2020 based on the institution's 2006B Pool Bonds that have since been retired.

QUESTIONS?

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FY 2025 UNC System Debt Capacity Study

April 16, 2026

Table of Contents

FY 2024-25 Debt Capacity Study

Purpose of the Study

Session Law 2015-241 added a new Article 5 to Chapter 116D of the General Statutes of North Carolina (the "***Act***"), requiring each constituent institution (collectively, the "***Institutions***") of the University of North Carolina (the "***University***") to provide the University of North Carolina Board of Governors (the "***Board***") with an annual report on its current and anticipated debt levels. The Act requires that the University, in turn, submit to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the State Treasurer, and the University of North Carolina System (the "***UNC System Office***") an annual study incorporating each Institution Report.

This report (the "***Study***") has been developed to address the Act's mandate to advise stakeholders "on the estimated debt capacity of The University of North Carolina for the upcoming five fiscal years" and establish "guidelines for evaluating the University's debt burden."

The Act also requires the Board to submit a uniform report from each institution regarding its debt burden and anticipated debt levels, in addition to other data and information related to each institution's fiscal management. Those Institution Reports are attached to the Study as **Appendix D**.

Methodology Used

Since the Act defines "debt" for the purposes of the Study to exclude debt serviced with "funds appropriated from the General Fund of the State," the Study primarily focuses on special obligation bonds issued under Article 3 of Chapter 116D ("***special obligation bonds***" or "***general revenue bonds***"), millennial campus bonds issued under Article 21B of Chapter 116, and other long-term debt issued on behalf of each institution to finance various capital facilities, including housing and other enterprise projects.

N.C. General Statute §116D-26(a) prohibits using the obligated resources of one institution to secure the debt of another institution, meaning the University has no debt capacity independent of its constituent institutions' individual ability to issue debt. The Study does not, therefore, aggregate each institution's individual debt levels and obligated resources to derive a Systemwide debt capacity metric. Instead, the Study offers a comprehensive review of each institution's debt capacity using the guidelines presented in the Act, which the UNC System Office has presented in detail in the Institution Reports included as part of **Appendix D**.

The Act expressly requires the University to establish guidelines for two ratios — **debt to obligated resources** and a **five-year payout ratio**. The Study also includes a ratio that is more widely used to measure a public university's debt burden — **debt service to operating expenses**. For more details on the ratios, see the information under the caption "Description of Ratios" on the following page.

The Study is based on a financial model that has been developed to measure three ratios on a pro forma basis over the next five years (the "***Study Period***"). Recognizing the wide diversity in enrollment, funding sources, and missions across each institution, the UNC System has worked with each institution to establish tailored and meaningful target policies for its respective ratios.

While an institution's ultimate debt capacity is affected by numerous quantitative and qualitative factors, for the purposes of the Study, "*estimated debt capacity*" is defined as the maximum amount of debt each institution could issue without exceeding its ceiling ratio for debt to obligated resources in any single year of the study period.

Description of Ratios

The model considers the following three ratios:

Statutory Ratios

Ratio	Explanation	Commentary
Debt to Obligated Resources	Compares each institution's outstanding debt to the funds legally available to service its debt	• Provides a general indication of an institution's ability to repay debt from wealth that can be accessed over time • Tied to the statutory framework for institution debt, so ratio is not used outside the State
Five-Year Payout	Measures the percentage of each institution's debt to be retired within the subsequent five-year period	• Indicates how rapidly an institution's debt is amortizing and how much additional debt capacity may be created in the near term • Five-year horizon is not widely used

Supplementary Ratios

Ratio	Explanation	Commentary
Debt Service to Operations	Measures debt service burden as a percentage of each institution's total operating expenses	• Indicates an institution's operating flexibility to finance existing requirements and new initiatives • Uses expenses rather than revenues because expenses tend to be more stable year-over-year • Permits comparison to peers outside the State

The first two ratios — **debt to obligated resources** and **five-year payout** — are mandated by the Act. While the ratios provide useful snapshots of each institution's debt profile and fiscal condition, the two ratios are not used outside of North Carolina. To provide additional data points and peer comparisons, the Study tracks an additional ratio — **debt service to operations**.

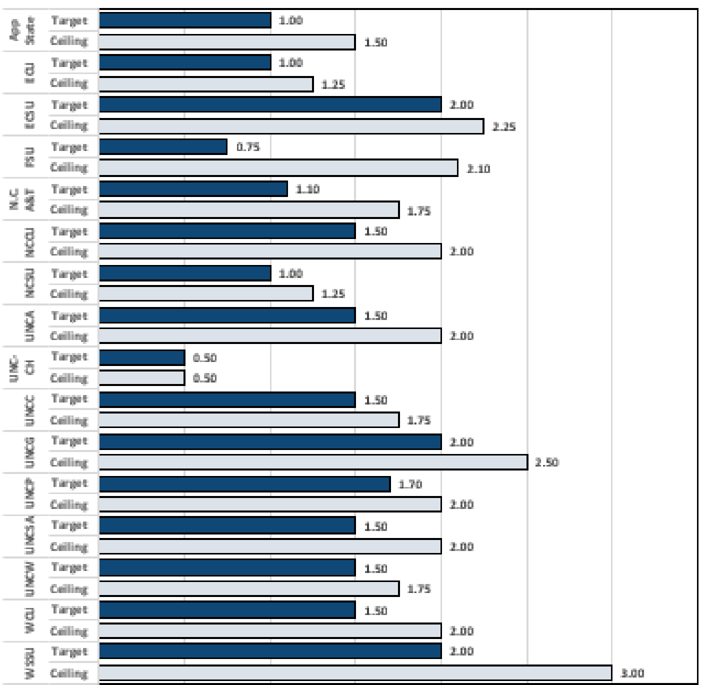
Note that the Study uses each institution's "Available Funds" as a proxy for its obligated resources. "Available Funds" is reported publicly by each institution with outstanding general revenue bond debt and reflects how Article 3's "obligated resources" concept has been translated into the bond documentation governing each institution's general revenue bonds. The two concepts are identical for most institutions, but to the extent there is any discrepancy, "Available Funds" will produce a lower, more conservative figure.

See **Appendix A** for more information on the ratios and the definitions for related terms.

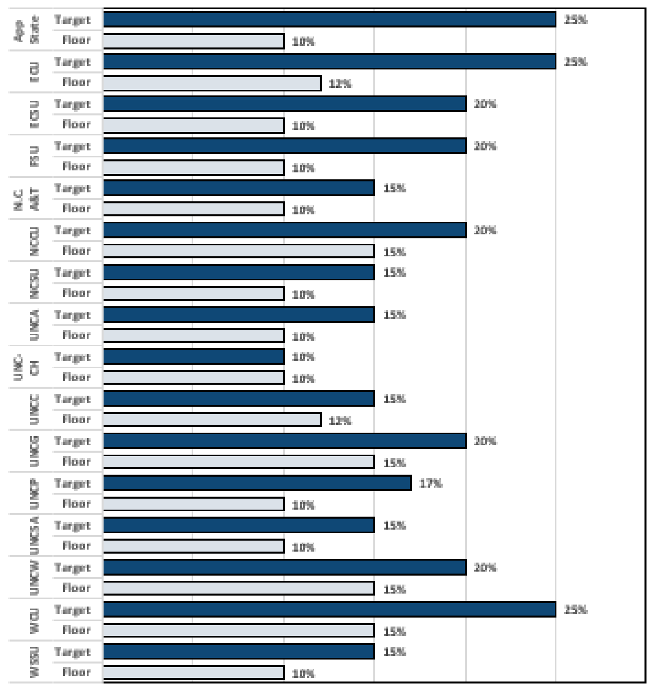
Overview of Target and Policy Ratios

For the two statutorily required ratios — **debt to obligated resources** and **the five-year payout ratio** — each institution has set both a target ratio and a floor or ceiling policy, as applicable. The target and policy ratios are summarized below. See **Appendix C** for more information on the methodology each institution used in setting its target and policy ratios.

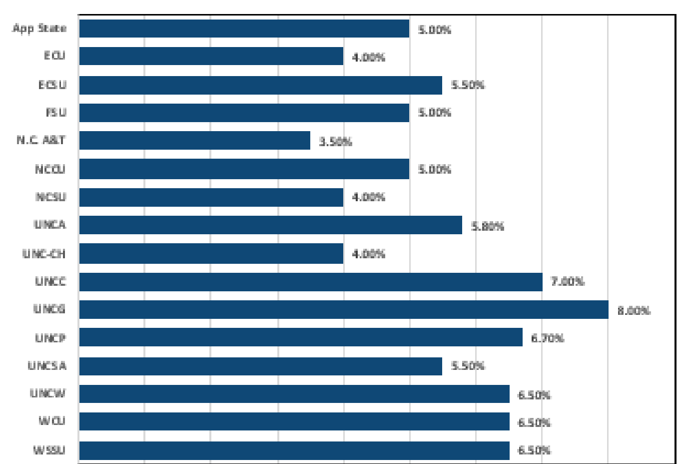
Debt to Obligated Resouces



Five-Year Payout Ratio



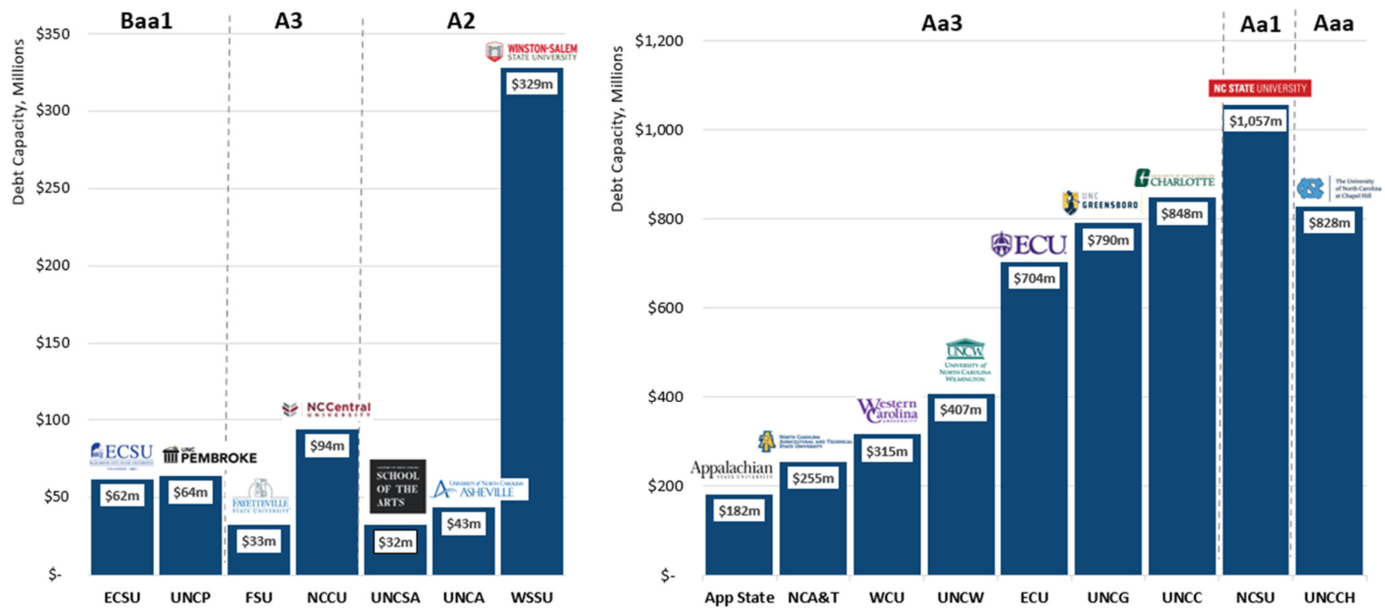
Debt Service to Operations Policy



Conclusions

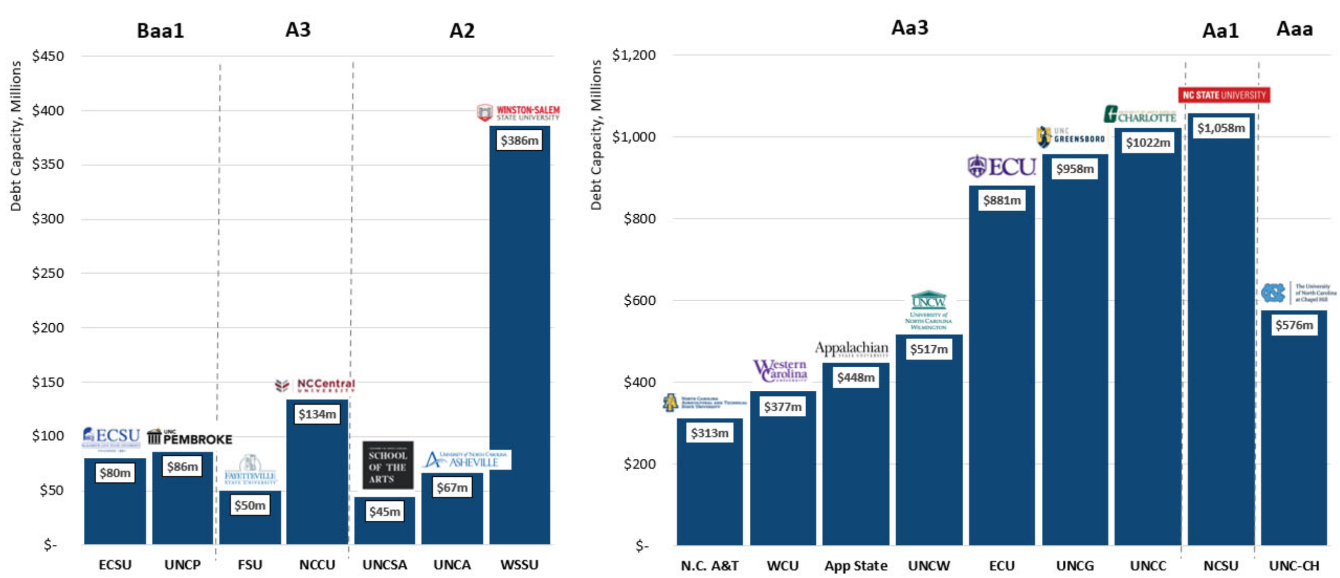
The following table summarizes the **current debt capacity** of each institution as defined for the purposes of the Study. The numbers in the table reflect **the maximum amount of debt each institution could issue in fiscal year 2026** without exceeding its ceiling ratio for **debt to obligated resources** during any year of the Study Period, after taking into account any approved future projects**.** The approved future projects for each institution, if any, are detailed in its report included as part of **Appendix D.** Fayetteville State University is not currently rated by Moody's. FSU has been grouped based on its corresponding rating from Standard and Poor's. Standard and Poor's is no longer assigning a rating for UNC Pembroke. UNCP has been grouped based upon previous ratings.

Current Debt Capacity Across the System (2026)



Generally, debt capacity for each institution will grow over the course of the Study Period as enrollment and obligated resources increase. The table below summarizes each institution's **projected debt capacity for fiscal year 2030,** assuming it issued no debt (other than debt to finance any approved future projects) until the last year of the Study Period.

Projected Debt Capacity Across the System (2030)



The range of capacities reflects the diversity among the institutions, each with its own strengths, challenges, and mission. The Study reflects the general health and proactive management of each institution's balance sheet, much of which is attributable to the State's history of strong support for the University and its institutions. The general growth in capacity over the course of the Study Period indicates relatively rapid amortization rates for most institutions.

A small handful of institutions are facing significant headwinds in terms of enrollment and revenue growth. For those institutions, improving debt capacity alone may not be a priority; instead, their debt capacity will improve as they continue to work with the UNC System Office to implement new strategies and policies to meet their unique challenges. Due to the uncertain inflationary environment, the Study uses the average Consumer Price Index over the past 12 months (2.7 percent) for the first out year of the Study (FY25-26). For the remaining four out years (FY26-30), the study uses 2.5 percent, which is in line with economic forecasts and closer to the historical average inflation. Each institution was given the option, however, to adjust the growth factor for each of the model components based on its reasonable expectations for its performance over the Study Period. Any growth rate adjustment, along with the factors considered in making the adjustment, is described in the individual Institution Reports attached as **Appendix D**.

While the Study provides useful insight into the overall fiscal position and capital needs of each institution, policymakers and other stakeholders should consider trends and challenges facing the higher education sector when considering issuing debt. The Study also underscores the unique nature of public higher education debt and the value of the UNC System's centralized support and oversight. **The Study's emphasis on aggregate debt and asset levels is valuable, but the current approval process, which is predicated on a collaborative, project-by-project analysis of tailored cost estimates and project-specific sources of repayment, should continue to drive decision-making with respect to any proposed project.**

Recommendations

Recommended Use of the Study

Since the Study is framed broadly to accommodate the complexity and diversity of each institution's mission, business model, size, and infrastructure needs, the Study should be used as a general assessment of each institution's overall fiscal position and to help institutions, policymakers, and other stakeholders identify trends and challenges facing each institution and the UNC System over time. Like any other management tool, the Study is not intended as a substitute for the considered judgment of institution leadership, the UNC System, the Board, or the General Assembly. An institution may be better served, for example, forgoing a project when it has significant debt capacity or pursuing a financing even if doing so would cause the institution to exceed one of its stated target ratios.

While the Study will help policymakers and stakeholders determine when additional scrutiny for a project may be warranted to ensure institutions are deploying debt prudently and strategically, institution debt policies and the University's debt approval process — which is predicated on a project-by-project analysis of tailored cost estimates and identified sources of repayment — should continue to drive decision-making with respect to any proposed project.

The graphic below summarizes how the Study is intended to be integrated into a comprehensive debt management framework that includes each institution's debt policy and the University's debt approval process.

Annual Debt Capacity Study

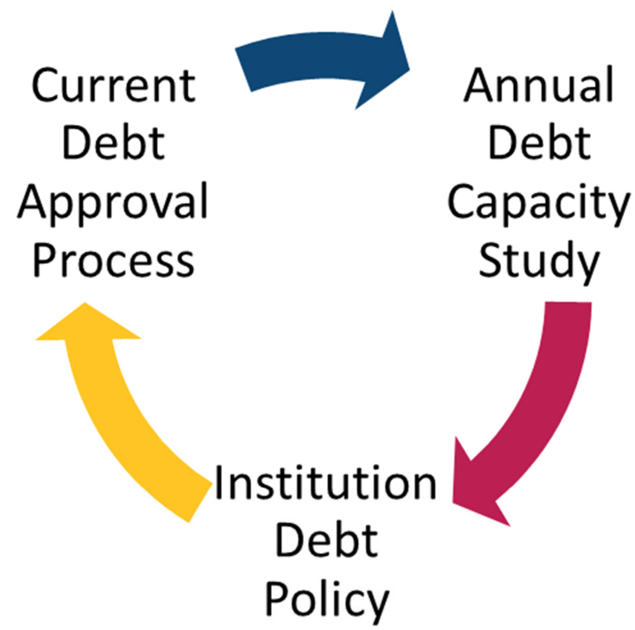
- Provides a snapshot of each institution's current estimated debt capacity
- May indicate when a proposed project requires heightened scrutiny
- Updated annually to reflect newly approved debt and the institution's latest financial results and projects

Institution Debt Policy

- Clarifies each institution's strategic approach to debt and its capital investment needs
- Establishes criteria for evaluating projects and approving debt, including benchmarks to measure prudent debt levels

Current Debt Approval Process

- Evaluates each proposed project's affordability based on identified sources of repayment and projected impact on student cost
- Uses estimated debt capacity results to assess strategic value of proposed projects in light of an institution's overall debt burden, mission, and needs



Use and Impact of Project-Based Financing Structures

Project-based financing structures — i.e., debt obligations payable solely or primarily from the financed project's revenues (collectively, "**Project Financings**") — have been used effectively throughout the State for many years. Institutions have structured their Project Financings using both their affiliate support organizations (collectively, "**Foundation Financings**") and unaffiliated, tax-exempt organizations (collectively, "**Privatized Financings**"). Many Project Financings have been structured with the support of master lease arrangements with the institutions (collectively, "**University-Supported Project Financings**"), while others have been structured so that the institutions have no obligation to repay any associated debt (collectively, "**Nonrecourse Project Financings**").

Since project revenues in Nonrecourse Project Financings accrue to the project owner and not the institution, Nonrecourse Project Financings are not payable from the obligated resources of an institution and have therefore been **excluded** from the Study's debt capacity calculations. Ratings agencies do consider these financings in their credit assessments, which can lead to a disconnect between the numbers in the Study and those published by the ratings agencies. By contrast, University-Supported Project Financings, which are supported by the institution's obligated resources, **are included** in the Study's debt capacity calculations.

Over the past couple of years, several institutions have entered into (or have obtained approval to enter into) large-scale Project Financings for new, on-campus housing facilities. Each of those transactions has been structured as Nonrecourse Project Financings, so those debt instruments are **not** included in the Study's debt capacity calculations. The rating agencies have made it clear, however, that they will be more likely to include Nonrecourse Project Financings in their institution leverage metrics for on-campus housing, even if the institution has no legal obligation to repay the debt. Thus, the use of Nonrecourse Project Financing structures may reduce the debt capacity of an institution in the eyes of the rating agencies.

The UNC System Office has developed guidelines for the prudent use of Project Financing structures and will continue to work with the institutions and other stakeholders in State government to ensure Project Financing structures are used strategically and in keeping with the UNC System's mandate to provide access to the benefits of the University at the lowest practicable cost.

2025 Moody's Outlook for Higher Education

Moody's maintained its negative outlook for the higher education section in its November 2025 report. Moody's cites trailing revenue growth from previous periods and cuts to research funding, potential increases in tax on endowments, cuts to the Department of Education, and potential disruptions of federal financial aid as reasons for the negative outlook.

Since July 2025, S&P upgraded NC State's rating to "AA+" from "AA". Fitch upgraded N.C. A&T's rating to "AA" from "AA-". Fitch affirmed FSU's "A+" rating and revised the outlook to "Positive" from "Stable". Moody's affirmed ASU's "Aa3" rating and revised the outlook to "Stable" from "Negative". S&P affirmed WSSU's "A-" rating and revised the outlook to "Positive" from "Stable".

Appendix A: Key Definitions

Debt: Debt incurred under Chapter 116D or Article 21B of Chapter 116 of the North Carolina General Statutes or any other debt that will be serviced with funds available to the institutions from gifts, grants, receipts, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including debt that will be serviced with funds from the General Fund of the State. “Debt” does not include project-based financing structures that are nonrecourse to the institutions.

Obligated Resources: Any sources of income or receipts of the Board of Governors or the institution at which a special obligation bond project is or will be located that are designated by the Board as the security and source of payment for bonds issued under this Article to finance a special obligation bond project, including, without limitation, any of the following:

a. Rents, charges, or fees to be derived by the Board of Governors or the institution from any activities conducted at the institution.

b. Earnings on the investment of the endowment fund of the institution at which a special obligation project will be located, to the extent that the use of the earnings will not violate any lawful condition placed by the donor upon the part of the endowment fund that generates the investment earnings.

c. Funds to be received under a contract or a grant agreement, including "overhead costs reimbursement" under a grant agreement, entered into by the Board of Governors or the institution to the extent the use of the funds is not restricted by the terms of the contract or grant agreement, or the use of the funds as provided in this Article does not violate the restriction.

d. Funds appropriated from the General Fund to the Board of Governors on behalf of a constituent institution for utilities of the institution that constitute energy savings as that term is defined in G.S. 143-64.17.

Generally, obligated resources do not include funds appropriated to the Board of Governors or the institution from the General Fund by the General Assembly from funds derived from general tax and other revenues of the State, and obligated resources do not include tuition payment by students.

5-Year Payout Ratio: Percentage of each institution’s long-term debt scheduled to be retired during the succeeding five-year period.

Debt Service to Operations: Ratio that measures an institution’s debt service burden as a percentage of its total expenses. Ratio uses aggregate operating expenses as opposed to operating revenues since expenses are generally more stable. Operating expenses also include an adjustment for any non-cash charge relating to the implementation of GASB 68 and 75.

Debt Service to Operations = (Annual Debt Service) / (Total Operating Expenses)

Appendix B: Overview of UNC System Debt

Most debt within the scope of the Study is comprised of special obligation bonds issued by the Board on behalf of each institution in accordance with Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended ("***Article 3***"). Institutions may use special obligation bonds (or "***general revenue bonds***," as they are commonly called) to finance any capital facility located at the campus that supports the institution's mission, but only if the Board has specifically designated the project as a "special obligation bond project" in accordance with Article 3.

Article 3 contains procedural safeguards to ensure the thoughtful use of special obligation bonds. For example, before any general revenue bonds are issued, Article 3 requires the approval of the institution's Board of Trustees, the Board of Governors, the General Assembly, and the Director of the Budget (in consultation, if necessary, with the Joint Legislative Commission on Governmental Operations).

As part of its approval, the Board of Governors must (1) designate the proposed project as a "special obligation bond project" and the obligated resources that will serve as the source of repayment for the proposed bonds and (2) establish that sufficient obligated resources are reasonably expected to be available to service the proposed bonds. In its report to the General Assembly seeking approval for a proposed Article 3 project, the Board must provide details regarding the project need, expected project costs, expected increases in operating costs following completion (including any contemplated impact on student costs), estimated debt service, and the sources and amounts of obligated resources to be used to repay the debt.

Although Article 3 focuses on an institution's obligated resources in the aggregate, as a practical matter, the plan of finance for each proposed project is evaluated on a stand-alone basis. **If an institution is unable to demonstrate that existing or future revenues associated with a project are sufficient to service the proposed debt, then the financing will generally not move forward unless the project is redesigned to a sustainable and appropriate scale**. Those project-specific revenues may take the form of enterprise system revenues (such as dormitory or dining system revenues) or other dedicated revenue sources (such as capital campaign donations or student fees). Institution debt issued under other legislative authority, including student housing revenue bonds under Article 19 of Chapter 116D, is also subject to procedural safeguards and is evaluated on a project-by-project basis.

This slight disconnect between the statutory framework for evaluating debt capacity — **with its focus on affordability relative to each institution's aggregate obligated resources** — and the practical manner in which projects are evaluated and approved — **with its focus on an individual project's affordability based on a specific source of repayment** — means that the Study presents an inherently conservative picture of each institution's debt capacity. While the model's inherent conservatism encourages prudent planning, the Study's limitations in evaluating the affordability of any single campus project should be noted.

Unlike the State of North Carolina's debt capacity study, for example, where future debt service is paid out of well-defined and relatively predictable revenue streams, campus projects may be financed through a variety of revenue sources, none of which is easily modeled on a pro forma basis at the aggregate obligated resources level. In addition, the Act establishes a target ratio that compares aggregate debt (which will increase immediately by the full amount of the debt once issued) to obligated resources (which will increase incrementally over time). This means that any new financing will generally reduce the institution's debt capacity as reflected in the Study, even if the new project would be entirely supported by new revenues that would not exist but for the project.

None of the institution debt included in the Study affects the State of North Carolina's debt capacity or credit rating. Such obligations are payable only from the applicable institution's obligated resources (or other pledged revenues) and do not constitute a debt or liability of the State or a pledge of the State's full faith and credit.

Appendix C: Study Methodology and Background

Overview of Strategic Debt Management and Credit Assessment

The prudent use of debt, in service of each institution's mission, provides several strategic benefits:

- **Achieving intergenerational equity** – Most capital projects will benefit students for decades. Financing a portion of each institution's planned capital investments enables each institution to better align the benefits and financial burdens across multiple generations.
- **Enhancing effectiveness** – An institution may use debt to invest in transformative projects on an accelerated schedule, permitting the institution to leverage its resources to better scale its programs, serve its stakeholders, and meet its mandated mission.
- **Imposing discipline** – Debt can be used to clarify priorities and reduce other spending that may crowd out investments necessary for the institution's long-term health.

Burdensome debt levels, however, can undermine an institution's effectiveness and viability. Debt may diminish the future operational flexibility of an institution and may limit its ability to adapt to developments and trends in the marketplace. In the worst instances, debt levels may hasten the decline of an institution, creating a downward spiral that exerts ever-increasing pressure on its balance sheet.

Each institution's credit rating (for those with rated debt) serves as a general barometer of how the rating agencies view the institution's financial strength and its debt management practices, which, in turn, informs the institution's reputation in the capital markets. In assessing a public university's creditworthiness, rating agencies generally consider broad categories of factors. In August 2021, Moody's Ratings ("***Moody's***") updated its rating methodology and approach to assess credit risks of public and private universities. The table below summarizes the updated factors that Moody's considers as part of its "scorecard," which guides its credit profile analysis in the higher education sector:

Primary Factors					
Scale **15%**	Market Profile **20%**	Operating Performance **10%**	Financial Resources and Liquidity **25%**	Leverage and Coverage **20%**	Financial Policy **10%**
Sub-factors					
*Adjusted Operating Revenue **15%***	*Brand and Strategic Positioning **10%*** *Operating Environment **10%***	*Earnings Before Interest, Depreciation, and Amortization (EBIDA) Margin **10%***	*Total Cash and Investments **10%*** *Total Cash and Investments / Operating Expenses **15%***	*Total Cash and Investments / Total Adjusted Debt **10%*** *Annual Debt Service Coverage **10%***	*N/A*
+					
Other Considerations		**Instrument Considerations**		**Cross-Sector Methodologies**	
=					
Assigned Ratings					

The Study focuses on Moody's methodology, as it rates nearly all of the institutions.

As part of their criteria, the rating agencies give significant weight to various qualitative factors, such as the strength of the institution's leadership, the quality and responsiveness of its long-range planning, and the role of any centralized oversight. In a rating report issued in February 2016 in connection with an institution bond offering, for example, Moody's noted that the institution "**benefits from being part of the UNC System, which has a demonstrated history of strong oversight of member institutions**" and listed the institution's "**generous operating and capital support from the State of North Carolina**" as a primary credit strength.

<u>For several reasons, the Study has not attempted to tie "debt capacity" to the predicted impact any new debt may have on an institution's credit rating</u>. First, each institution's mission and strategic planning should drive its debt management decisions, not the rating agencies' outside assessment of the institution's credit profile. Managing an institution's operations solely to achieve a certain credit rating may distort strategic objectives and lead to unintended consequences. As Moody's states in its Rating Methodology for Global Higher Education (dated November 23, 2015):

> "Strategic positioning depends on effective short- and long-range planning, consistent self-assessment and benchmarking, and ongoing monitoring and accountability. ... Determining the appropriate level of investment is a significant challenge, as too little investment can result in a gradual loss of student demand, research funding, or philanthropy if donors feel that the university is in decline. Overinvesting can saddle a college with an unsustainable business model, with revenue unable to support high fixed costs, including debt service."

Second, projecting the exact amount of debt an institution could issue during the Study Period without negatively impacting its credit rating is difficult. Any single financial ratio makes up only a fraction of the overall credit analysis, and weak ratios may be ignored or deemphasized in a particular situation based on multiyear trends, projections, and other qualitative factors. Further, while the financial performance of its institutions has no impact on the State's credit rating, each institution's credit rating has historically benefited from the State's strong support and overall financial health. As a result, many institutions "underperform" relative to the national median ratios for their rating category, making comparisons to median ratios challenging. Finally, because median ratios are not perfectly correlated to rating outcomes, a model that attempts to draw a linear relationship between any single ratio and a projected rating outcome would have limited predictive value.

In this context, **it is important to distinguish "debt capacity" from "debt affordability."** Debt capacity provides a general indication of each institution's ability to absorb debt on its balance sheet during the Study Period. Debt affordability, on the other hand, evaluates the merits of a specific financing (or a specific amount of debt), taking into account a number of quantitative and qualitative factors related to the projects under consideration, including project revenues and expenses, cost of funds, competing strategic priorities, and the "hidden" costs of forgoing the projects entirely.

Development of the Financial Model

To support the Study, a financial model has been developed to analyze four financial ratios for each institution on a pro forma basis over the course of the Study Period. Since Article 3 does not permit the institutions to pool their obligated resources to form a common source of funds to support all institution project financings, the Study focuses on the individual institution data and does not attempt to aggregate each institution's capacity to derive a University-wide measure of "debt capacity." The other components of the model are designed to assist each institution in establishing guidelines for maintaining prudent debt levels and for evaluating capital investment priorities in light of fiscal constraints.

Each institution's debt capacity reflects the amount of debt each institution could issue during the Study Period without exceeding its ceiling ratio for **debt to obligated resources**. Each institution has developed its own target policy for each ratio, in consultation with the UNC System Office, to ensure the ratio is tailored and meaningful for that institution's size, mission, resources, and average age of plant.

Methodology for Setting Target Ratios

Since there are differences in each institution's mission, enrollment, resources, and capital needs, imposing a single set of target policies across all institutions would distort the information produced by the Study — either by generating too much capacity for the larger institutions or by holding smaller institutions to unrealistic benchmarks relative to their size and scale. To produce a more meaningful model for each institution, the institutions, in consultation with the UNC System, have set their own target policies for the model ratios.

In setting its target policies, each institution considered many quantitative and qualitative factors, including comparisons to its designated peer institutions, its strategic initiatives, its historical results, its average age of plant, its recent and projected growth, and any existing debt policies. As discussed above, the credit ratings of the institutions are bolstered by several favorable qualitative factors, including, most importantly, the State's long history of support. Since the institutions benefit from those qualitative factors, it follows that many quantitative measures are weaker than the median ratios for their assigned rating category. Institutions were not forced, therefore, to set their target ratios directly in line with those median ratios, as that approach would invite quantitative comparisons to larger, wealthier peers. Institutions used median ratios as an important benchmark in setting their policy ratios.

Other Assumptions and Factors Affecting the Model

The financial model is based on each institution's financial results as of **June 30, 2025** — the most recent period for which audited financials are available. The model includes debt issued to finance new projects since June 30, 2025, but the model excludes any refinancing, redemption, or other debt payments that have occurred during the current fiscal year, building an additional element of conservatism into the model.

The financial model also takes into account any legislatively approved project that an institution plans to finance during the Study Period. Interest rate assumptions for any pro forma debt are based on conservative, fixed-rate projections and are adjusted to account for each institution's credit rating and the expected term of the financing.

The financial model adds back to each institution's unrestricted and restricted expendable net assets any noncash charge taken in connection with the implementation of GASB 68 and GASB 75 and will make similar adjustments for the implementation of related accounting policies in the future. While GASB 68 impacts an institution's unrestricted net assets and not restricted expendable net assets, GASB 75 impacts both figures. This is relevant as the calculation of Available Funds incorporates unrestricted net assets but not restricted expendable net assets, while the calculation of Expendable Financial Resources includes both figures. Therefore, the GASB 75 adjustment made to Available Funds and Expendable Financial Resources will not match. The Debt Capacity Study focuses on special obligation bonds and excludes liabilities or leases pursuant to GASB 87.

Appendix D: Reports from Constituent Institutions

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
April 15, 2026

AGENDA ITEM

A-3. Additional 2025-26 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Allocations.......... Katherine Lynn

Situation: The Continuing Budget Operations Act (S.L. 2025-89) authorized FY 2026 State Capital and Infrastructure Fund (SCIF) allocations for repairs and renovations (R&R) projects totaling $291,237,227 and appropriated $100 million in FY 2026 for the University of North Carolina SCIF R&R projects. While the Act includes specific projects to be funded from SCIF R&R funding, the University of North Carolina Board of Governors determines the allocation of the SCIF R&R funds to the University of North Carolina System constituent institutions.

Background: The Act included an appropriation of $100 million of UNC SCIF R&R funds for 2025-26 for specific R&R projects at each institution. The Board of Governors previously approved allocations from 2025-26 UNC State Capital and Infrastructure Fund (SCIF) R&R funds in the amount of $4,948,878 for specified major R&R capital projects and $40 million for maintenance R&R projects. The recommendation for allocating the remaining $55,051,122 of the 2025-26 UNC SCIF R&R funds is included in Attachment A.

Assessment: It is recommended that the Board approve the allocation of the remaining $55,051,122 of 2025-26 UNC SCIF R&R funds as indicated in Attachment A.

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

Additional 2025-26 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) Allocations

ISSUE OVERVIEW

The Continuing Budget Operations Act (S.L. 2025-89) authorized State Capital and Infrastructure Fund (SCIF) allocations of $100 million for FY 2025-26 specifically for the capital repairs and renovations (R&R) projects approved by the University of North Carolina Board of Governors. On September 18, 2025, the Board approved the following allocations from the 2025-26 UNC SCIF R&R funds:

Major R&R allocations		$ 4,948,878
Maintenance R&R projects		$40,000,000
	TOTAL	$44,948,878

It is recommended that the remaining $55,051,122 of FY 2025-26 SCIF R&R funds be allocated as shown in **Attachment A**. For SCIF Major R&R projects that have not been fully funded, a future FY intended project allocation schedule is shown in **Attachment B**. The future FY intended allocation schedule indicates a proposed schedule for allocating future SCIF funding, but any future allocations are subject to the appropriation of SCIF funds for UNC R&R projects and Board approval of the UNC SCIF R&R to the specific projects.

It is further recommended that the reallocation of funds between major R&R projects as requested by the constituent institutions and indicated on **Attachment A** be approved. The reallocations will be reported to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

RECOMMENDATION

It is recommended that the Board of Governors approve the additional allocation of the remaining 2025-26 UNC SCIF R&R funds in the amount of $55,051,122 and the reallocations per **Attachment A**.

Attachment A
2025-26 UNC SCIF R&R ALLOCATIONS
MAJOR REPAIR AND RENOVATION PROJECTS
Proposed for Board Approval - April 15, 2026

	Capital Project Authorization	FY21-22 Allocations	FY22-23 Allocations	FY23-24 Allocations	FY24-25 Allocations	FY25-26 Allocation	Additional FY25-26 Allocation
Appalachian State University							
Wey Hall Envelope & Roof Repair	$5,000,000	$500,000	$4,500,000				
Wey Hall Partial Renovation – Building Systems	$14,000,000	$1,000,000	$9,000,000	$4,000,000			
Duncan Hall Renovation	$26,000,000	$2,000,000	$4,692,308	$6,000,000	$13,307,692		
Total	**$45,000,000**	**$3,500,000**	**$18,192,308**	**$10,000,000**	**$13,307,692**	**$0**	**$0**
East Carolina University							
Brody High-Rise Code Compliance, Phase 2	$6,000,000	$6,000,000					
Main Campus - College Hill Drive Steam, Phase 3	$2,500,000	$2,500,000					
Whichard Building Comprehensive Renovation	$10,000,000	$1,000,000		$500,000	$8,500,000		
Speight Building Roof, Window, & Envelope Replacement	$4,000,000	$400,000	$3,600,000				
Chilled Water Extension to Whichard & Graham	$6,475,000	$6,475,000					
Main Campus - Relocate Steam & Condensate, Phase 1	$5,000,000	$5,000,000					
Health Science Building Envelope Infiltration Repairs	$5,000,000	$5,000,000					
Howell Science Building South	$32,500,000	$3,000,000		$27,000,000	$2,500,000		
Main Campus - Replace Electrical Sectionalizing Switches (7)-Phase I	$2,000,000			$200,000	$1,800,000		
Jenkins Art Roof and South Side Envelope Repairs	$3,000,000			$300,000	$2,700,000		
Main Campus - Replace Condensate - Bate to Wright Steam	$3,000,000			$300,000	$2,700,000		
Brody Upgrade HVAC Ground Floor and Replace AHU AC-3	$3,500,000			$350,000	$3,150,000		
Minges Coliseum Replace Roof	$3,250,000			$325,000	$2,925,000		
Main Campus Steam Plant Fuel Tank Farm Service Road, Tank and Fuel Pump Phase 3	$5,000,000			$500,000	$4,500,000		
Total	**$91,225,000**	**$29,375,000**	**$3,600,000**	**$29,475,000**	**$28,775,000**	**$0**	**$0**
Elizabeth City State University							
Repair Campus Main Switch	$700,000	$700,000					
Repair Campus Pump Station	$650,000	$650,000					
Infrastructure Upgrades – Water & Electrical, Phase 1	$12,000,000	$1,200,000	$10,800,000				
Emergency Generator Power – Operations	$6,112,824	$4,900,000	$207,012		$1,005,812		
Emergency Generator Power – Residence Halls	$2,100,000	$2,100,000					
Campuswide Lockdown System	$2,000,000	$200,000	$1,800,000				
Building Demolition (7 buildings)	$1,292,988	$150,000	$1,142,988				
Butler Residence Hall (Reallocate to New Dining Hall)	$2,500,000	$250,000	$2,250,000				
Infrastructure Upgrades – Water & Electrical, Phase 2	$27,000,000	$2,700,000		$24,300,000			
Chancellor's Residence - Comprehensive Renovation	$1,500,000	$0		$1,500,000			
Vaughan Center Renovation and Repairs	$9,000,000			$900,000	$8,100,000		
Johnson Hall HVAC and Dehumidification Installation	$594,188			$160,000	$434,188		
Campus Accessibility Renovation (Phases I, II, and III)	$13,000,000			$1,300,000	$5,521,410		
Total	**$78,450,000**	**$12,850,000**	**$16,200,000**	**$28,160,000**	**$15,061,410**	**$0**	**$0**
Fayetteville State University							
Lyons Science Renovation	$1,500,000	$1,500,000					
Butler Renovation (HVAC, Bldg. Envelope, Fire Alarm)	$3,450,000	$3,450,000					
A.B. Rosenthal Building – Targeted Renovation	$13,037,585	$1,000,000					**$2,500,000**
Campuswide Utility Infrastructure	$9,950,000	$995,000					**$1,742,525**
H.T. Chick – Targeted Renovation	$12,268,385	$950,000			$5,818,385		**$2,500,000**
Total	**$40,205,970**	**$7,895,000**	**$0**	**$0**	**$5,818,385**	**$0**	**$6,742,525**
North Carolina Agricultural and Technical State University							
Carver Hall – Comprehensive Modernization, Phase 1 (reallocate portion to Marteena Hall Renovation)	$188,716	$188,716					
Price Hall – Renovation, Phase 1 (scope reduced to roof replacement only, reallocate remaining portion to Marteena Hall Renovation)	$1,899,246	$1,899,246					
Marteena Hall Renovation	$43,612,038	$2,306,284					
Carver Hall – Comprehensive Modernization, Phase 2 (reallocate to Marteena Hall Renovation)	$0	$0					
Price Hall Renovation, Phase 2 (reallocation to Marteena Hall Renovation)	$0	$0					
Upgrade Heating/Hot Water in Four Dormitories (Barbee, Morrison, Morrow, and VanStory)	$4,966,000	$175,754		$320,846	$4,469,400		
Upgrade Heating/Hot Water in Curtis and Holland Dormitories and Williams Cafeteria	$4,250,000			$425,000	$3,825,000		
Total	**$54,916,000**	**$4,570,000**	**$0**	**$745,846**	**$8,294,400**	**$0**	**$0**
North Carolina Central University							
Lee Biology Renovation	$8,100,000	$810,000					
Taylor Education Building Renovation	$13,750,000	$1,375,000					
School of Education - HVAC and BAS Repairs	$14,200,000				$1,420,000		**$3,657,578**

Attachment A
2025-26 UNC SCIF R&R ALLOCATIONS
MAJOR REPAIR AND RENOVATION PROJECTS
Proposed for Board Approval - April 15, 2026

	Capital Project Authorization	FY21-22 Allocations	FY22-23 Allocations	FY23-24 Allocations	FY24-25 Allocations	FY25-26 Allocation	Additional FY25-26 Allocation
Mary Townes and Brite Complex - HVAC and BAS Repairs, Phase 1 (formerly Mary Townes Sciences Complex - HVAC and BAS Repairs)	$15,000,000				$1,500,000		**$1,500,000**
Turner Law - HVAC and BAS Repairs	$10,000,000				$1,000,000		**$3,000,000**
Walker Complex - HVAC and BAS Repairs	$14,000,000				$1,400,000		**$1,500,000**
Mary Townes and Brite Complex - HVAC and BAS Repairs, Phase 2 (formerly Brite Complex - HVAC and BAS Repairs & Fire Alarm Repairs)	$8,000,000				$800,000		
Steam Plant Boiler #1 Replacement	$1,959,940				$1,959,940		
Total	**$85,009,940**	**$2,185,000**	**$0**	**$0**	**$8,079,940**	**$0**	**$9,657,578**
NC State University							
Page Hall – Building Envelope Repairs & Plumbing Upgrades	$4,000,000	$400,000	$3,600,000				
Scott Hall – HVAC Renovation	$5,000,000	$500,000			$4,500,000		
Mann Hall – HVAC & Plumbing Renovation	$10,000,000	$1,000,000	$6,857,143		$2,142,857		
Kilgore Hall – HVAC Renovation	$10,000,000	$1,000,000			$9,000,000		
North & Central Campus – Domestic Water Line Replacement	$4,303,000	$4,303,000					
Poe Hall – Fire Alarm Upgrade (Reallocate for Adv. Planning)	$3,500,000	$350,000	$3,150,000				
Thomas Hall – HVAC Renovation	$4,000,000	$400,000			$3,600,000		
111 Lampe Drive Renovation	$42,000,000	$4,200,000					
Dabney Hall*	$60,000,000	$30,000,000	$30,000,000				
Polk Hall*	$10,000,000	$10,000,000					
Total	**$152,803,000**	**$52,153,000**	**$43,607,143**	**$0**	**$19,242,857**	**$0**	**$0**
North Carolina School of Science and Mathematics							
Campuswide HVAC Renovations	$2,000,000	$200,000		$1,800,000			
Chiller Replacement	$4,250,000	$300,000		$2,700,000	$1,250,000		
Building Envelope Repairs	$5,850,000	$585,000		$5,265,000			
Academic Commons & Dining Hall Renovation	$12,400,000	$1,240,000					
Total	**$24,500,000**	**$2,325,000**	**$0**	**$9,765,000**	**$1,250,000**	**$0**	**$0**
University of North Carolina Asheville							
Campus Safety Improvements, Access Control, Cameras	$2,300,000	$2,300,000					
Campus Roadway Repairs	$4,400,000	$4,400,000					
Lipinsky Renovation	$10,000,000	$1,000,000					**$7,000,000**
Underground Waterline Replacement - Phase 1	$1,850,083			$185,008	$1,665,075		
Electrical Infrastructure Upgrade - Phase 1	$2,868,250			$286,825			**$500,000**
Gateway Signage - Phase 2	**$1,000,000**						**$1,000,000**
Total	**$22,418,333**	**$7,700,000**	**$0**	**$471,833**	**$1,665,075**	**$0**	**$8,500,000**
University of North Carolina at Chapel Hill							
Wilson Library – Means of Egress (Reallocate to Phillips Hall)	$0	$0	$0				
Swain Hall (Reallocate to Hamilton Hall)	$0	$0					
Phillips Hall–1958 Central HVAC System	$18,722,000	$1,530,000	$11,797,236		$5,394,764		
Hamilton Hall–Central HVAC System	$21,600,000	$2,160,000	$3,670,313		$10,269,687		**$2,000,000**
Wilson Library – 1953 Central HVAC System AHU 1 & 2 (Reallocate to Hamilton Hall)	$0	$0	$0				
Wilson Library – 1953 Central HVAC System AHU 3 (Reallocate portion to Phillips Hall)	$578,000	$400,000	$178,000				
Total	**$40,900,000**	**$4,090,000**	**$15,645,549**	**$0**	**$15,664,451**	**$0**	**$2,000,000**
University of North Carolina at Charlotte							
Atkins Library Tower – ADA & Elev.	$10,200,000	$1,000,000		$8,800,000	$400,000		
Smith – Replace HVAC & Controls, Envelope, Replace Roof	$5,950,000	$595,000					
Atkins Library Tower – Fire & Smoke Systems	$3,840,000	$384,000		$3,456,000			
Woodward – Controls & Lab HVAC Modernization	$2,300,000	$2,300,000					
Friday – HVAC, Controls & Electrical Upgrade	$9,900,000	$1,370,000		$200,000	$8,330,000		
Cameron – Second Floor Renovation	$19,100,000	$1,910,000	$17,190,000				
Burson – Renovation	$37,900,000	$2,590,000			$15,310,000		
Chiller/Condenser Water System Renewal	$14,000,000			$1,400,000			
Stormwater Master Plan Implementation Phase 2	$4,000,000			$400,000			
Total	**$107,190,000**	**$10,149,000**	**$17,190,000**	**$14,256,000**	**$24,040,000**	**$0**	**$0**
University of North Carolina at Greensboro							
Coleman – Fire Alarm Replacement	$2,440,000	$2,440,000					
Steam Distribution Replacement, Phase IV-B	$939,039	$939,039					
Campus Chiller Water Infrastructure & Equip. Improvements	$13,303,000	$1,040,000		$12,263,000			
Jackson Library – Renovation/Addition	$98,710,961	$8,710,961		$89,747,591	$252,409		
Campus Chilled Water Infrastructure and Equipment Improvements - Phase 2	$7,226,250			$1,072,625		$1,000,000	**$3,153,625**
Campus Steam & Condensate Infrastructure Improvements	$16,330,438			$1,633,044			**$14,697,394**
Campus Elevator Replacements, Renovations, and Upgrades	$3,757,056			$375,706			

Attachment A
2025-26 UNC SCIF R&R ALLOCATIONS
MAJOR REPAIR AND RENOVATION PROJECTS

Proposed for Board Approval - April 15, 2026

	Capital Project Authorization	FY21-22 Allocations	FY22-23 Allocations	FY23-24 Allocations	FY24-25 Allocations	FY25-26 Allocation	Additional FY25-26 Allocation
Total	**$142,706,744**	**$13,130,000**	**$0**	**$105,091,965**	**$252,409**	**$1,000,000**	**$17,851,019**
University of North Carolina Pembroke							
Jacobs Hall – Demolition/Site Restoration	$1,250,000	$1,250,000					
Campus Roof Replacements	$2,269,536	$1,500,000				$769,536	
Campus Safety & Regional Emergency Response Center	**$4,480,000**	$448,000					
Business Administration Renovation	$15,000,000	$1,250,000					**$4,000,000**
Total	**$22,999,536**	**$4,448,000**	**$0**	**$0**	**$0**	**$769,536**	**$4,000,000**
UNC School of the Arts							
Stevens Center – Roof, Water Intrusion, Bldg. Envelope	$4,800,000	$480,000	$4,320,000				
Gray Building – Roof, Bldg. Envelope, HVAC, Fire Suppression	$4,080,062	$4,080,062					
Performance Place/Workplace/WPV – Roof Replacements	$1,704,938	$1,704,938					
Stevens Center Renovation, Phase 1	$25,000,000	$2,500,000		$22,500,000			
Kenan Drive Utilities and Resurfacing	$2,003,554			$200,355	$1,803,199		
Design & Production BAS Upgrade/HVAC/Boiler/Fire Alarm	$4,000,000			$400,000			**$3,600,000**
Campus Entrance Stream Restoration	$2,000,000			$200,000	$1,800,000		
Total	**$43,588,554**	**$8,765,000**	**$4,320,000**	**$23,300,355**	**$3,603,199**	**$0**	**$3,600,000**
University of North Carolina Wilmington							
Coastal Marine Studies – Plumbing, Mech., Elec. Renovation	$14,954,524	$993,000		$8,937,000	$5,024,524		
Randall Library Renovation & Expansion	$56,000,000	$8,425,000	$47,575,000				
Total	**$70,954,524**	**$9,418,000**	**$47,575,000**	**$8,937,000**	**$5,024,524**	**$0**	**$0**
Western Carolina University							
Killian Building – HVAC Upgrades/Window Replacement	**$3,597,634**	$3,570,000					**$27,634**
Reid Building – Roof Replacement	**$2,492,366**	$2,520,000					**-$27,634**
Moore Building – Abatement, Demo. & Struct. Improvements	$7,100,000	$710,000	$6,390,000				
Moore Building – Infrastructure & Accessibility	$4,200,000	$420,000	$3,780,000				
Moore Building Renovation	$31,700,000	$1,500,000	$13,500,000		$15,520,658	$1,179,342	
Campuswide - Centralized Fire Alarm Reporting Upgrade	$3,000,000			$300,000			**$2,700,000**
Total	**$52,090,000**	**$8,720,000**	**$23,670,000**	**$300,000**	**$15,520,658**	**$1,179,342**	**$2,700,000**
Winston-Salem State University							
Hauser Hall Renovations – Restore the Core	$12,600,000	$750,000			$11,850,000		
Hauser Hall Renovation - Phase 2	$9,500,000	$950,000			$8,550,000		
New Chiller Project - Cooling Tower, Piping, and Electrical Connections)	$1,700,000				$1,700,000		
Electrical Distribution System Repairs (Hall Patterson (S-12)	$2,800,000				$2,800,000		
Critical Steam Repairs (Phase I - KRW to MLK Steam Replacement, Phase 2 - Campus Police New Steam Utility)	$9,500,000				$9,500,000		
Total	**$36,100,000**	**$1,700,000**	**$0**	**$0**	**$34,400,000**	**$0**	**$0**
PBS North Carolina							
Tower Lighting/FAA Markers/Tower Elev. Repair	$2,200,000	$2,200,000					
Bryan Center – Replace HVAC Air Handler & Controls	$2,707,000	$2,707,000					
Bryan Center – Chiller & Cooling Tower Replacement	$1,120,000	$1,120,000					
Total	**$6,027,000**	**$6,027,000**	**$0**	**$0**	**$0**	**$0**	**$0**
North Carolina Arboretum							
Infrastructure Restoration & Road Projects	$1,000,000	$1,000,000		$0			
Education Center Plaza Renovation	$2,000,000			$0		$2,000,000	
Total	**$3,000,000**	**$1,000,000**	**$0**	**$0**	**$0**	**$2,000,000**	**$0**
UNC SCIF Minor R&R Allocation		**$60,000,000**	**$60,000,000**	**$50,000,000**	**$50,000,000**	**$40,000,000**	
GRAND TOTAL	**$1,120,084,601**	**$250,000,000**	**$250,000,000**	**$280,503,000**	**$250,000,000**	**$44,948,878**	**$55,051,122**

* Funds are allocated for the repairs and renovations at Dabney Hall and Polk Hall in accordance with Section 40.1.(c2).

Projects in blue are fully funded.

Projects in bold are requesting 2025-26 SCIF funds, change in capital authority, scope modification, or reallocation of prior year SCIF funding.

Attachment B
FUTURE FY INTENDED UNC SCIF R&R ALLOCATION SCHEDULE
MAJOR REPAIR AND RENOVATION PROJECTS

For information only

It is the intent of the University of North Carolina Board of Governors to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability of funds from the State Capital and Infrastructure Fund (SCIF) and proposed project milestones. Nothing in the intended allocation schedule shall be construed to allocate funds or as an obligation of the Board to allocate funds for the projects listed in the future years. The following schedule lists UNC SCIF capital improvement projects that will begin or be completed in fiscal years beyond FY24-25 and indicates the estimated amounts of UNC SCIF R&R needed for completion of those projects.

	Capital Project Authorization	Previous Allocations	FY26-27	FY27-28
Elizabeth City State University				
Campus Accessibility Renovation (Phases I, II, and III)	$13,000,000	$6,821,410	$0	$6,178,590
Total	**$13,000,000**	**$6,821,410**	**$0**	**$6,178,590**
Fayetteville State University				
A.B. Rosenthal Building – Targeted Renovation	$13,037,585	$3,500,000	$9,537,585	
Campuswide Utility Infrastructure	$9,950,000	$2,737,525	$7,212,475	
H.T. Chick – Targeted Renovation	$12,268,385	$9,268,385	$3,000,000	$0
Total	**$35,255,970**	**$15,505,910**	**$19,750,060**	**$0**
North Carolina Agricultural and Technical State University				
Marteena Hall Renovation	$43,612,038	$2,306,284	$1,500,000	$39,805,754
Total	**$43,612,038**	**$2,306,284**	**$1,500,000**	**$39,805,754**
North Carolina Central University				
Lee Biology Renovation	$8,100,000	$810,000	$7,290,000	
Taylor Education Building Renovation	$13,750,000	$1,375,000	$7,375,000	$5,000,000
School of Education - HVAC and BAS Repairs	$14,200,000	$5,077,578	$9,122,422	
Mary Townes and Brite Complex - HVAC and BAS Repairs, Phase 1	$15,000,000	$3,000,000	$4,000,000	$8,000,000
Turner Law - HVAC and BAS Repairs	$10,000,000	$4,000,000	$6,000,000	$0
Walker Complex - HVAC and BAS Repairs	$14,000,000	$2,900,000	$11,100,000	
Mary Townes and Brite Complex - HVAC and BAS Repairs, Phase 2	$8,000,000	$800,000	$1,450,000	$5,750,000
Total	**$83,050,000**	**$17,962,578**	**$46,337,422**	**$18,750,000**
North Carolina School of Science and Mathematics				
Academic Commons & Dining Hall Renovation	$12,400,000	$1,240,000	$11,160,000	$0
Total	**$12,400,000**	**$1,240,000**	**$11,160,000**	**$0**
NC State University				
111 Lampe Drive Renovation	$42,000,000	$4,200,000	$17,800,000	$20,000,000
Total	**$42,000,000**	**$4,200,000**	**$17,800,000**	**$20,000,000**
University of North Carolina Asheville				
Lipinsky Renovation	$10,000,000	$8,000,000	$2,000,000	$0
Electrical Infrastructure Upgrade - Phase 1	$2,868,250	$786,825	$1,081,425	$1,000,000
Total	**$12,868,250**	**$8,786,825**	**$3,081,425**	**$1,000,000**
University of North Carolina at Chapel Hill				
Hamilton Hall – Central HVAC System	$21,600,000	$18,100,000	$3,500,000	$0
Total	**$21,600,000**	**$18,100,000**	**$3,500,000**	**$0**
University of North Carolina at Charlotte				
Smith – Replace HVAC & Controls, Envelope, Replace Roof	$5,950,000	$595,000	$5,355,000	$0
Burson – Renovation	$37,900,000	$17,900,000	$15,000,000	$5,000,000
Chiller/Condenser Water System Renewal	$14,000,000	$1,400,000	$12,600,000	
Stormwater Master Plan Implementation, Phase 2	$4,000,000	$400,000	$3,600,000	$0
Total	**$61,850,000**	**$20,295,000**	**$36,555,000**	**$5,000,000**
University of North Carolina at Greensboro				
Campus Chilled Water Infrastructure and Equipment Improvements -	$7,226,250	$5,226,250	$2,000,000	$0
Campus Elevator Replacements, Renovations, and Upgrades	$3,757,056	$375,706	$3,381,350	$0
Total	**$10,983,306**	**$5,601,956**	**$5,381,350**	**$0**
University of North Carolina Pembroke				
Campus Safety & Regional Emergency Response Center	$4,480,000	$448,000	$1,200,850	$2,831,150
Business Administration Renovation	$15,000,000	$5,250,000	$9,750,000	
Total	**$19,480,000**	**$5,698,000**	**$10,950,850**	**$2,831,150**
TOTAL INTENDED ALLOCATIONS			**$156,016,107**	**$93,565,494**
UNC MINOR R&R ALLOCATIONS			**$60,000,000**	**$60,000,000**
OTHER UNC MAJOR R&R ALLOCATIONS			**$33,983,893**	**$96,434,506**
TOTAL			**$250,000,000**	**$250,000,000**

AGENDA ITEM

A-4. Capital Improvement Projects.. Katherine Lynn

Situation: Appalachian State University, North Carolina Agricultural and Technical State University, NC State University, University of North Carolina at Chapel Hill, and University of North Carolina Wilmington have requested seven new projects, and App State, East Carolina University, North Carolina A&T, UNC-Chapel Hill, University of North Carolina Pembroke, and UNC Wilmington have requested increased authorization for 14 projects. In addition, North Carolina Central University, NC State, UNC-Chapel Hill, University of North Carolina at Charlotte, and UNC Wilmington are requesting capital project authorization for six self-liquidating debt 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. Capital projects funded from self-liquidating debt require additional approval for debt authorization from the full Board and the North Carolina General Assembly.

Assessment: App State, ECU, N.C. A&T, NC Central University, NC State, UNC-Chapel Hill, UNC Charlotte, UNC Pembroke, 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 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, North Carolina Agricultural and Technical State University, North Carolina Central University, NC State University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, University of North Carolina Pembroke, 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.

Nine UNC System institutions have requested 27 capital improvement projects: seven new projects, six new self-liquidating debt-funded projects, and 14 projects for increased authorization.

I. NEW PROJECTS

Institution/Project Title		Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Sanford Commons Dining Renovations Phase 2 (Dining Master Plan)	$8,800,000	$0	$8,800,000	Trust Funds (Dining)
App State Subtotal		*$8,800,000*	*$0*	*$8,800,000*	
North Carolina Agricultural and Technical State University					
2.	Residence Hall Minor Renovations	$2,000,000	$0	$2,000,000	Carry-forward
N.C. A&T Subtotal		*$2,000,000*	*$0*	*$2,000,000*	
NC State University					
3.	Interior Improvement - Talley Student Union[1]	$3,200,000	$400,000	$2,800,000	Trust Funds (Dining)
4.	New Roof - Materials Support Warehouse[1]	$2,050,000	$115,000	$1,935,000	Trust Funds (Other Auxiliary)
NC State Subtotal		*$5,250,000*	*$515,000*	*$4,735,000*	
University of North Carolina at Chapel Hill					
5.	Gene Therapy Center Renovation[1]	$3,990,000	$250,000	$3,740,000	Trust Funds (Fac. & Admin)
6.	McGavran–Greenberg Hall AHU-9 Energy Recovery System Repairs	$895,000	$0	$895,000	Carry-forward
UNC-Chapel Hill Subtotal		*$4,885,000*	*$250,000*	*$4,635,000*	
University of North Carolina Wilmington					
7.	Hamilton Drive Tennis Facility[1]	$5,140,764	$21,000	$5,119,764	Trust Funds (Athletics, Donations/Gifts & Grants)
UNC Wilmington Subtotal		*$5,140,764*	*$21,000*	*$5,119,764*	
Grand Total		**$26,075,764**	**$786,000**	**$25,289,764**	

[1] *Previous authorization reflects advance planning authority delegated to Boards of Trustees.*

II. NEW SELF-LIQUIDATING DEBT PROJECTS (2026-27)

	Institution/Project Title	Total Project Cost	Cash/GO Bond/Other	Debt	Funding Source
North Carolina Central University					
1.	Richmond Residence Hall	$20,000,000	$0	$20,000,000	Debt (Housing)
NC Central University Subtotal		*$20,000,000*	*$0*	*$20,000,000*	
NC State University					
2.	Cates West Development - Phase 1	$320,000,000	$25,000,000	$295,000,000	Trust Funds (Housing, Dining) - 8%/Debt - 92% (Housing)
NC State Subtotal		*$320,000,000*	*$25,000,000*	*$295,000,000*	
University of North Carolina at Chapel Hill					
3.	New Residence Hall 1	$159,700,000	$18,500,000	$141,200,000	Trust Funds (Housing, Utilities) - 12%/Debt - 88% (Housing)
4.	Parker and Teague Halls - Demolition and Replacement	$120,000,000	$8,000,000	$112,000,000	Trust Funds (Housing) - 7%/Debt - 93% (Housing)
UNC-Chapel Hill Subtotal		*$279,700,000*	*$26,500,000*	*$253,200,000*	
University of North Carolina at Charlotte					
5.	Witherspoon Residence Hall Renovation	$50,000,000	$1,570,000	$48,430,000	Trust Funds (Housing) - 3%/Debt - 97% (Housing)
UNC Charlotte Subtotal		*$50,000,000*	*$1,570,000*	*$48,430,000*	
University of North Carolina Wilmington					
6.	Parking Deck IV	$20,400,000	$0	$20,400,000	Debt (Parking)
UNC Wilmington Subtotal		*$20,400,000*	*$0*	*$20,400,000*	
Total		**$690,100,000**	**$53,070,000**	**$637,030,000**	

III. INCREASED AUTHORIZATION

	Institution/Project Title	Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
Appalachian State University					
1.	Peacock Hall Business	$47,200,000	$46,200,000	$1,000,000	SCIF Appropriations - 90%/Trust Funds (Donations/Gifts & Grants) - 10%
App State Subtotal		*$47,200,000*	*$46,200,000*	*$1,000,000*	
East Carolina University					
2.	Main Campus - Replace Condensate - Bate to Wright Steam	$3,810,000	$3,000,000	$810,000	SCIF Appropriations - 79%/Carry-forward - 21%
3.	Parking Lot RS-12 Resurfacing and Safety Improvements	$1,375,000	$1,000,000	$375,000	Trust Funds (Parking & Transportation)
4.	Science and Technology Replacement Pre-Heat Coils	$2,077,200	$1,519,600	$557,600	Energy Saving (1292) Carry-forward - 73%/Carry-forward - 27%
5.	Tyler Roof Top Unit	$1,085,200	$650,000	$435,200	Trust Funds (Housing)
ECU Subtotal		*$8,347,400*	*$6,169,600*	*$2,177,800*	

III. INCREASED AUTHORIZATION (cont.)

	Institution/Project Title	Total Project Cost	Previous Authorization	Requested Authorization	Funding Source
North Carolina Agricultural and Technical State University					
6.	Urban and Community Food Processing Facility	$14,385,061	$13,634,747	$750,314	Trust Funds (Donations/Gifts & Grants)
N.C. A&T Subtotal		*$14,385,061*	*$13,634,747*	*$750,314*	
University of North Carolina at Chapel Hill					
7.	Bingham Facility Building 2 - Replace HVAC System	$2,900,000	$2,000,000	$900,000	SCIF Appropriations - 69%/Carry-forward - 31%
8.	School of Business (McColl Building - Addition & Renovation)	$204,250,000	$194,250,000	$10,000,000	SCIF Appropriations - 51%/ Trust Funds (Donations/Gifts & Grants) - 49%
9.	Tate-Turner Kuralt - Elevator Repairs	$2,000,000	$1,000,000	$1,000,000	SCIF Appropriations - 50%/Carry-forward - 50%
10.	Venable Hall Lower Level Upfit	$1,245,000	$1,050,000	$195,000	Trust Funds (Endowments)
UNC-Chapel Hill Subtotal		*$210,395,000*	*$198,300,000*	*$12,095,000*	
University of North Carolina Pembroke					
11.	Health Sciences Center	$96,864,368	$92,000,000	$4,864,368	SCIF Appropriations - 94%/ Trust Funds (Dining, Donations/Gifts & Grants) - 6%
UNC Pembroke Subtotal		*$96,864,368*	*$92,000,000*	*$4,864,368*	
University of North Carolina Wilmington					
12.	Cameron Hall - Comprehensive Renovation/Expansion	$53,929,208	$44,500,000	$9,429,208	SCIF Appropriations - 74%/ Carry-Forward - 7%/Trust Funds (Donations/Gifts & Grants) - 19%
13.	Coastal Marine Studies – Plumbing, Mechanical, Electrical Renovation	$16,954,524	$14,954,524	$2,000,000	SCIF Appropriations - 88%/Carry-Forward - 12%
14.	Welcome Center	$22,035,507	$16,578,833	$5,456,674	Trust Funds (Donations/Gifts & Grants, Other Auxiliary) - 78%/Carry-forward - 22%
UNC Wilmington Subtotal		*$92,919,239*	*$76,033,357*	*$16,885,882*	
Grand Total		**$470,111,068**	**$432,337,704**	**$37,773,364**	

RECOMMENDATION

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

It is recommended that the new projects be authorized and reported to the NC Office of State Budget and Management as non-appropriated projects that will be funded and operated entirely with non-General Fund and non-State Capital and Infrastructure Fund monies. It is recommended that the new self-liquidating projects be authorized subject to approval of the self-liquidating debt authorization from the full Board and the North Carolina General Assembly.

IV. REPORTING

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

	Institution/Project Title	Amount	Fund Source	R&R Category
East Carolina University				
1.	East Carolina Heart Institute (ECHI)-Water Intrusion and Water Flashing Corrections-Phase 2	$450,000	Carry-forward	(2)-Structural repairs
Fayetteville State University				
2.	Butler Building Interior Classroom Reallocation	$250,000	State Appropriations	(9)-Improvements and renovations to improve existing space

THE UNIVERSITY OF NORTH CAROLINA SYSTEM

MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance
April 15, 2026

AGENDA ITEM

A-5. Revision to 2021-23 Engineering NC's Future Capital Projects – NC State University... Katherine Lynn

Situation: NC State University requests approval to revise the project scope for Engineering NC's Future capital projects previously approved by the University of North Carolina Board of Governors.

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 Agricultural and Technical State University, NC State, and the University of North Carolina at Charlotte. The funds were equally divided among 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." On May 26, 2022, the Board approved the authorization of $90 million of Engineering NC's Future funding for specific capital projects at North Carolina A&T, NC State, and UNC Charlotte. The Board approved additional revisions to NC State's projects on October 18, 2024.

Assessment: It is recommended that the Board approve revisions to the previously approved Engineering NC's Future capital projects for NC State. The revisions continue to support the 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.

Revisions to 2021-23 Engineering NC's Future Capital Improvement Projects – NC State University

ISSUE OVERVIEW

The 2021 Appropriations Act (S.L. 2021-180) authorized $90 million specifically for the capital improvements to support key engineering programs at North Carolina Agricultural and Technical State University, NC State University, and the University of North Carolina at Charlotte. The funds were equally divided among 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. On October 18, 2024, the Board approved a scope revision for NC State to add renovations in Monteith Engineering Research Center, Fitts-Woolard Hall, and Partners II.

NC State is requesting additional revisions to the project scope and capital authorization for the following Engineering NC's Future capital projects:

Project:	Renovate Research Buildings II and IV, Engineering Buildings I, II, and III, Monteith Engineering Research Center, Fitts-Woolard Hall, and Partners II
Revised Capital Authorization:	$17,100,000 (decrease -$900,000)
Revised Scope:	The proposed revision will add the renovation of approximately 4,100 SF at Burlington Laboratory Building for three Nuclear Engineering labs. The renovation of Research Buildings II and IV will be reduced from approximately 32,000 SF to 30,700 SF and the renovation of Engineering Buildings I, II, III, Monteith Engineering Research Center, Fitts-Woolard, and Partners II will be reduced from approximately 25,000 SF to 21,400 SF. The project supports the partial renovation of multiple buildings on Centennial Campus to provide growth in multiple engineering disciplines.
Project:	Renovate Mann Hall
Revised Capital Authorization:	$12,900,000 (increase +$900,000)
Revised Scope:	The proposed revision expands the renovation to include an additional 3,500 SF for the First Year Design Center, an innovative maker space supporting all incoming freshman engineering students and essential to expanding engineering enrollment. The project supports the partial renovation of 18,000 SF in Mann Hall to accommodate College of Engineering student advising, first- and second-year computer science, engineering science and computing engineering courses, faculty offices, and associated research space.

RECOMMENDATION

It is recommended that the Board approve the revisions to NC State's Engineering NC's Future capital projects.