

APPENDIX L

Authorization of Non-Appropriated Capital Improvements Projects

On an annual basis, the Board considers campus proposals for projects funded from non-appropriated sources requiring the issuance of long-term debt. For 2014, the President recommends that the Board approve 12 capital improvements projects at six institutions totaling \$403,129,000 requiring aggregate debt issuance of \$364,179,000. With Board approval, the projects will be forwarded to the General Assembly for authorization during the 2014 legislative session.

Institution	Project Title	Total (\$)	Cash (\$)	Debt (\$)	Source of Funds	Debt Service Fee Change (\$)
ECU	New Student Union, Parking Structure & Health Sciences Campus Student Services Building	156,300,000	-	142,300,000	Student debt service fee & Receipts	425.00 Phased
NCSU	Reynolds Coliseum Renovation	35,000,000	-	35,000,000	Gifts & Institutional Trust Funds	-
UNC-A	Completion of Karl Straus Track Building	550,000	-	550,000	Student debt service fee	15.00
UNC-A	Student Recreation Center Improvements	440,000	-	440,000	Student debt service fee	12.00
UNC-CH	Chilled Water Plant at Manning Drive	32,000,000	-	32,000,000	Utility Trust	-
UNC-C	Campus Infrastructure Development Phase II	46,000,000	-	35,000,000	Infrastructure fee & F&A	50.00
UNC-C	Elm/Maple/Pine (Phase V) Renovation	18,550,000	-	18,550,000	Housing receipts	-
UNC-C	Sanford Hall Renovation	19,000,000	-	19,000,000	Housing receipts	-
UNC-C	Residence Hall Phase XIV	45,829,000	-	45,829,000	Housing receipts	-
WCU	Brown Building Renovation and Addition	22,510,000	-	20,510,000	Student Center & Dining receipts	-
WSSU	Hauser Hall Renovation	12,000,000	-	6,000,000	Gifts, Grants, & Student debt fee	131.00
WSSU	Renovation of Physical Plant Building for Art and Visual Studies	15,000,000	-	9,000,000	Gifts, Grants, Student debt fee, & R&R	Included in above
	Totals	403,129,000	-	364,179,000		

Each project falls within the relevant campus master plan. Proposed capital improvements will benefit from continuing attractive construction pricing and financing terms and they will help stimulate the state's construction sector.

For each authorized project, a detailed financial plan will be reviewed in consultation with financial advisors and bond counsel before bonds are issued and construction contracts are awarded. The Board will receive subsequent requests for approval for the issuance of bonds for these projects.

It is recommended that the Board approve the 12 projects as described for authorization by the General Assembly in the upcoming session. It is further recommended that the President of the University, or his designee, be authorized to make refinements to the request in the interest of accuracy and completeness.

East Carolina University

New Student Union, Parking Structure and Health Sciences Campus Student Services Building – \$156,300,000

The current Mendenhall Student Center was completed in 1974, when the campus had 11,000 students. Since then, the student body has grown by over 145% and an extensive Health Sciences campus has been developed with a population of over 3,000 students. The new student center on the east campus will be a 210,000 square-foot facility, housing departments and services that are characteristic to student centers. Included are a new home for the Ledonia Wright Cultural Center, a 250-seat multi-purpose black box auditorium, spaces for student government and student groups, multi-venue dining facilities, retail and service points, and a dividable ballroom. The project includes a 700-car structured parking deck serving the facility.

The Health Sciences Campus student services facility will be a 68,000 square-foot building housing a recreation and wellness center, student health services, space for student organizations, multipurpose spaces, career center, meeting rooms, a central lounge, a convenience store with an ATM, and a 100-person capacity food court.

The total project cost is not all supported by student debt service fees. Campus Dining, Bookstore, Ledonia Wright Cultural Center, Parking and Transportation, Student Health and Student Recreation are contributing \$27.5M (half cash, half borrowed) to the project. The student fee supports \$128.8M. The project will be financed from indebtedness to be repaid from a new \$425 debt service fee. The proposed fee will be phased over three years, however, the first year fee of \$133 will be offset by the retirement of existing debt service fees of the same amount. Thus, the first year net cost to students is zero. The debt service fee will be graduated up to the total fee over three years.

North Carolina State University

Reynolds Coliseum Renovation – \$35,000,000

Reynolds Coliseum was completed in 1949 and has never had a major renovation. This project will reduce the interior athletic venue by about a third allowing for coaching staff and ROTC program staff offices as well as exhibit space to feature Wolfpack sports history. The building will be air-conditioned vastly increasing the utility of Reynolds year round to host major university and community events as well as occurrences of statewide significance. This facility has hosted many visits by dignitaries including U.S. Presidents. Events such as convocation will now be accommodated in a location central to campus. Work will also address deferred maintenance, window replacements, accessibility, and life safety issues and other upgrades to building systems. The project will be financed through debt issuance with \$20,000,000 to be repaid from gifts raised by the Wolfpack Club and the remainder to be paid from institutional trust funds.

The University of North Carolina at Asheville

Completion of Building Adjacent to Karl Straus Track – \$550,000

This 1,815 square-foot, three-building facility was started in 2005 but has remained unfinished and unusable. It will provide space for the varsity track programs, the North Carolina Center for Health and Wellness, the Osher Lifelong Learning Institute and other programs that serve the campus and greater community. An investment of \$906,100 has been made thus far. However, fund-raising goals have not been achieved. This authorization will allow for the completion of the facility including plumbing, electrical and HVAC systems, as well as the exterior stone façade. A \$15 student debt service fee will provide the revenue stream to service the required debt for completion. It is requested that UNC Asheville be authorized to accomplish construction and financing of the project through arrangements to, from, and with the University of North Carolina at Asheville Foundation, Inc.

Student Recreation Center Improvements – \$440,000

The Student Recreation Center is 18 years old and approximately 30,000 use it annually. Rubber floor surfaces on three multipurpose courts have deteriorated posing safety concerns. The existing locker rooms require renovation and reconfiguration. A \$12 student debt service fee will provide the revenue stream to retire the necessary debt to fund the project.

The University of North Carolina at Chapel Hill**Chilled Water Plant at Manning Drive – \$32,000,000**

This project adds a new chilled water plant to be located at Manning Drive. It will house steam driven chillers that will increase chilled water capacity and replace inefficient chillers located elsewhere. Delaying the installation of these 10,000 tons of chilled water capacity will jeopardize the ability to meet demand in the later part of this decade. The absorption chillers currently located in the North Chiller Plant are aging out, and this installation will replace that capacity in a more strategic location. One of these chillers has already been retired due to too high cost of repair. The structure to house these chillers will be 9,000 square feet. The project will be paid from indebtedness to be repaid from receipts in the utility trust fund.

The University of North Carolina at Charlotte**Campus Infrastructure Development Phase II – \$46,000,000**

This project will provide infrastructure required for enrollment growth and to support student success, retention, and research functions at UNC Charlotte. This phase of the project will include renovations of aging infrastructure in the university's chemistry and physics building, modernization of infrastructure in several aging buildings in the core of campus, continued improvements to information technology network capacity, infrastructure additions in the East Student Village to include road improvements, and water, electrical and telecom lines. This initiative includes installation of energy efficient systems that will reduce energy costs. The project will be funded with \$11,000,000 of existing reserves with the remainder from indebtedness to be repaid from the proceeds of a \$100 student infrastructure fee.

Elm/Maple/Pine (Phase V) Renovation – \$18,550,000

The Elm, Maple, Pine complex is a 252-bed student residence facility built in 1987. This renovation will update the mechanical, electrical, information technology and plumbing systems, and modernize the interiors. The project will also include window and roof replacements, six new elevators, a new chiller and boiler to be installed in the regional utility plant, thermal utility extensions, and ADA modifications to meet existing code requirements. Design will incorporate sustainable features and energy efficient systems. The project will be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents will be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2011-12 was 1.79x and 1.9 in 2012-13. With the issuance of this debt, the ratio will remain above 1.1.

Sanford Hall Renovation – \$19,000,000

Sanford is a 106,096 square-foot, 500-bed residence facility built in 1969. The proposed renovation will bring the facility to current building code with renovations focusing on plumbing, electrical, and elevator upgrades. The project includes HVAC modernization that ties the building into the regional utility plant. In addition, the project will install a new roof and a brick facade on the exterior. As part of the renovation, the student rooms and bathrooms will be re-configured to provide a better layout with minimal loss of existing capacity. Design will incorporate sustainable features and energy efficient systems. The project will be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents will be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2011-12 was 1.79x and 1.9 in 2012-13. With the issuance of this debt, the ratio will remain above 1.1.

Residence Hall Phase XIV – \$45,829,000

The proposed project will construct a 400+ bed Residence Hall to accommodate growth of the University and support student success and retention. The building will be located in the South Village area of campus and will house both freshmen and upper-classmen. It will include both suite- and apartment-style room configurations. Each floor will have study rooms, a multi-purpose lounge, and laundry. Additionally, this building will house the University's Honors College and Levine Scholars program. Administrative and seminar space will be provided for these two programs. The building exterior will be brick and precast concrete as is typical for this campus. The project will be financed from indebtedness to be repaid from housing receipts. The assumption in the financial pro forma is that housing rents will be increased up to 6.5% per year to produce the revenues for the housing system. The debt coverage ratio for UNCC's housing system for 2011-12 was 1.79x and 1.9 in 2012-13. With the issuance of this debt, the ratio will remain above 1.1.

Western Carolina University**Brown Building Renovation and Addition – \$22,510,000**

The project is to fully renovate the Brown Building that previously housed a cafeteria on the upper campus that was taken offline in 2010 when the campus Courtyard Dining was opened. The existing 30,240 square-foot building and an addition of 25,124 square feet will house Food Services and Dining, Residential Living Administration, student group offices, and student support units. The project will include site work to provide improved pedestrian circulation, parking, and a new energy plant to service this building and adjacent buildings. Receipts from student center fees and student dining plans will support the required debt.

Winston-Salem State University**Hauser Hall Renovation – \$12,000,000**

The occupants of Hauser Hall will relocate to the new Student Success Center in the spring semester of 2014. This project will renovate the 27,000 square-foot vacated facility and construct a 10,000 square-foot addition to accommodate the Music Department proximate to the university's auditorium. The building program calls for classrooms, faculty offices, and performance and instrument practice rooms. The restoration of outdoor space is also included. The Music Department is currently housed in the undersized Fine Arts building, a facility that cannot be economically renovated and must be demolished. The current sub-standard space in Fine Arts is having a negative impact on retention and graduation. Half of the project will be funded from gifts and grants and the remainder will be derived from debt repaid from a portion of a new \$175 debt service fee. Retirement of another debt service fee will reduce the net increase to \$131.

Renovation of Physical Plant Building for Art and Visual Studies– \$15,000,000

This project proposes to renovate the 15,000 square-foot Physical Plant building to accommodate the Arts and Visual Studies department currently housed in a building that has deteriorated to warrant its demolition. The building program calls for classrooms, faculty offices, and a gallery to display student work. The physical plant operations will be relocated to the recently acquired Lowery property adjacent to campus. The demolition of the existing Fine Arts building is also included as part of this project, as well as the restoration of outdoor green space and the building facade of Eller Hall. Gifts, renovation and repair funds, and grants will fund 40% of this project and the remainder will be derived from debt repaid from a portion of a new \$175 debt service fee. Retirement of another debt service fee will reduce the net increase to \$131.

**East Carolina University
Student Union Project
Key Points**

February, 2014

Background

Mendenhall Student Union was built in 1974, when the university was about 11,000 students, virtually all on one campus. At the time there were 31 student groups.

Now, we have 27,000 students on two campuses with 402 student groups. The current facility is woefully inadequate for current and future needs.

Over time, we have been extremely conservative with our debt service fees. In the last 20 years, we have increased debt service fees 4 times, decreased 3 times, and in 13 years had no change.

Today, our collected debt service fee is \$168. That is 14th lowest in the system. Only NCCU and Elizabeth City are lower. If this project is approved, after three years, we will be #5 in the system, assuming no school increases their debt service fees in that period.

The sum of our general student fees plus debt service fees is #12 in the system. In three years, we will be #6 assuming no school raises any of their fees (general or debt) in the interim.

Project

We are proposing to construct two centers, one on east campus of approximately 210K SF plus a 700-space parking deck and the other on the health sciences campus of approximately 68K SF. Total project cost is \$156.3 million.

The total project cost is not all supported by student debt service fees. Dining, bookstore, Ledonia Wright Cultural Center, parking, student health, and student recreation are collectively contributing \$27.5m to the project (half cash, half borrowed). The direct student debt service fee supports \$128.8m (about 82%).

Debt Service

We are requesting a maximum \$425 debt service fee. The final fee will be no more than is needed to service the debt, subject to the maximum.

The fee will be phased in over three years. In year 1 (AY 14-15) we will remove \$133 of debt service and Banner fees and add in \$133 of debt service fees for the student centers. Thus, net cost to students in year 1 is zero. In year 2 (AY 15-16) we will add \$150 of debt service fee. In year 3 (AY 16-17) we will add the remaining \$143 maximum.

We have proposed no tuition increases for AY 14-15 (beyond the legislatively-mandated increase) and no general fee increases. Thus, because the first year is net zero for debt service, we will have ZERO increase for tuition or fees in AY 14-15.

Unit Costs and Sizing

We are using cost figures of \$375/sf for construction (\$487/sf including soft costs) for the main campus and \$386/sf construction (\$502/sf including soft costs) for Health Sciences. These figures are consistent with the inflation-adjusted construction costs of approximately \$400/sf derived from eight recent student center projects with which Perkins & Will (architects) have been involved. Our \$375/sf construction cost figure is also consistent with the new-construction cost component of the current NCSU Talley Center project.

The 700-space parking deck is currently budgeted at \$24,000 per space construction cost. This figure is higher than the \$19,000 per space figure from 23 parking deck projects in the region compiled by Perkins & Will. For this stage of the construction process, we believe our cost estimate is reasonable given the site work, eventual finishes, and chiller plant costs. If the chiller plant costs are removed, the construction cost is approximately \$20,000 to \$21,000 per space.

Our project size is consistent with national standards. Overall, our project is 10.1sf/student. It is 9.3sf/student if adjusted to remove the 22,000 sf of recreation space in the Health Sciences building, a use not normally found in student center projects but which is needed on our HS campus because of the complete lack of recreation space on that campus. The national standard from ACUI is 10sf/student. A Perkins & Will study, derived from existing student centers on almost 70 campuses nationwide as of 2008, is 8.5sf/student for a campus of our student size.