



**THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM**  
**BOARD OF GOVERNORS**

*RESOLUTION HONORING*

**Victims of the UNC Charlotte shooting and those  
who responded and delivered aid and the  
UNC Charlotte community**

*THE UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE*

**WHEREAS**, an active shooter killed two students and injured four others in a classroom on the campus of the University of North Carolina at Charlotte on April 30, 2019; and

**WHEREAS**, the loss of students Reed Parlier and Riley Howell, who died in this horrible tragedy, is immeasurable; and

**WHEREAS**, injured students Rami Alramadhan, Sean Dehart, Emily Houpt, and Drew Pescaro continue to recover; and

**WHEREAS**, the unflinching bravery of the UNC Charlotte Campus Police, other first responders and medical professionals in the Charlotte-Mecklenburg area and beyond, and countless volunteers, who acted selflessly and without hesitation, prevented this tragedy from escalating further; and

**WHEREAS**, the actions of the entire UNC Charlotte community and Chancellor Philip L. Dubois have demonstrated and bolstered the solidarity of the campus community in the wake of this tragedy; and

**WHEREAS**, we note the tremendous outpouring of support from countless members of the public from across the nation, state, and constituent universities;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Governors of the University of North Carolina System wholeheartedly condemns the attacks that occurred on April 30, 2019, mourns the loss of the dead, expresses its wishes for the full recovery of the injured, and commends the actions of law enforcement, other first responders, and volunteers in preventing further loss of life.

This is the 22<sup>nd</sup> day of May 2019

Harry L. Smith, Jr., Chair

Pearl Burris-Floyd, Secretary

## APPENDIX B

### **Excerpts of Remarks by Mr. Joe Price Chair, UNC Charlotte Board of Trustees May 22, 2019**

“Mr. Chairman, Members of the Board of Governors, President Roper, Chancellors, and guests, my name is Joe Price and I have had the honor of serving my alma mater, UNC Charlotte, on the Board of Trustees for the past 12 years including the past three years as the chair. Niner Nation will be forever changed by the senseless and tragic events of April 30, 2019. But, the outpouring support that we have received from our friends across the Charlotte region, the state of North Carolina, the nation, and the world, has helped to keep us lifted as we work through the aftermath of what is the most devastating thing to ever happen to or on our campus.

Chair Smith and Governors, we thank you for this Resolution honoring Reed Parlier and Riley Howell, our two students, whose lives were cut way too short, the heroic actions of our campus police, our public safety officers, and other first responders, and the unbelievable courage and strength demonstrated by Niner Nation under the steadfast leadership of Philip Dubois.

Chancellors and Members of the Boards of Trustees of our other UNC institutions, we thank you for standing with us. The vigils held on your campuses, your campus website announcing that “Today We Are All Niners” and your constant offering of support to our campus is something that we will never forget.

Two weeks ago we celebrated the commencement of nearly 4,000 students and we remembered the lives of Reed Parlier and Riley Howell by honoring them with degrees and memoriam that we presented to their families. And, we all cheered when Emily Houpt, who was injured in the shooting, walked across the stage and received her diploma with her family watching on. I am pleased to report that Rami Alramadhan, Sean Dehart, and Drew Pescaro – the other three students injured in the shooting – are all expected to have a full recovery. We appreciate the strong support that this and past Board of Governors along with the leadership of the UNC System has given to our Board of Trustees and to the Chancellor in making campus-safety a top priority.

During my tenure, I have had a first-hand view of Chancellor Dubois’ leadership on this and many issues. Chancellor Dubois and his leadership team have remained steadfast and decisive of action on safety. They reviewed practices every time an event occurred across the nation. For instance, in the aftermath of the Virginia Tech shooting they reviewed the report, took action on recommendations made and implemented them. In other words, they kept what really mattered above the fray of all other attention-grabbing issues that can get in the

## APPENDIX B

way and I attribute that to Chancellor Dubois' leadership. In the process, we have made significant investments to increase the size of campus police and public safety team and to ensure that officers receive advanced training under the leadership of Chief Baker and other significant investments including technology for lockdown to warning systems as well as active-shooter training.

Speaking on behalf of our entire board of trustees, I am so proud of the way that our staff responded to this tragedy and the after-incident response is nothing short of amazing. The ongoing communication to the students and their families, faculty, staff, students, and community was timely, transparent, understandable, and compassionate. In recognizing the emotional toll, the Chancellor encouraged students and staff to avail themselves of the on-campus mental health counseling for students and the employment assistance programs (EAP). More than 500 students and staff sought these services from UNC Charlotte's mental health counseling team and through EAP. As Chancellor Dubois stated at the campus vigil that was attended by over 8,000 students, "We will emerge from these difficult days; we will not emerge unchanged, but we will emerge united and stronger."

Thank you and thank you for your support."

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# the 2019 OLIVER MAX GARDNER AWARD

## Dr. Sy Atezaz Saeed

**A**n esteemed psychiatrist, Dr. Sy Atezaz Saeed is using expertise, creativity, and cutting-edge telepsychiatry to pioneer new treatment and care options for patients with mental health conditions.

Telepsychiatry is changing the face and future of mental health care throughout the country. The use of secure, real-time audio and video technology enables mental health providers to diagnose and treat patients at a remote referring site. Telepsychiatry is especially useful where psychiatric services are not readily accessible, including many rural North Carolina towns. As founding director of the North Carolina Statewide Telepsychiatry Program (NC-STeP), a state-funded program serving more than 80 hospitals, Dr. Saeed created a program that allows psychiatrists to connect with remote patients in real-time.

Since 2004, Dr. Saeed has served as the chair of the Department of Psychiatry and Behavioral Medicine at the Brody School of Medicine, East Carolina University. He is also the executive director of Behavioral Health Service Line for Vidant Health, which serves 1.4 million people in 29 counties in eastern NC.

Prior to his appointment at ECU, Dr. Saeed served as professor and chair of the Department of the Psychiatry and Behavioral Medicine at the University of Illinois College of Medicine at Peoria. There he was also the Clinical Director for the Comprehensive Community Mental Health Service NetWork of North Central Illinois, a state-operated network serving people with serious and persistent mental illness in 23 counties, covering 1.5 million lives.

Dr. Saeed was the founding editor of *Psychiatrist Administrator*, the quarterly journal of the American Association of Psychiatric Administrators. Currently he is the editor-in-chief of the *Journal of Psychiatric Administration and Management*. He serves on the editorial boards of several academic journals. He is a fellow of the American College of Psychiatrists, a Distinguished Fellow of the American Psychiatric Association, and an elected Fellow of the Royal Society of Health, London. He also serves on the Governing Board for the Group for Advancement of Psychiatry (GAP), a think tank dedicated to shaping psychiatric thinking, public programs, and clinical practice. In 2016, Governor McCrory appointed Saeed to his second term on the Governing Board of the North Carolina Institute of Medicine.

Dr. Saeed has published extensively in the areas of evidence-based practices; anxiety and mood disorders; telepsychiatry; psychiatric administration and leadership; and psychiatric treatment integration. He has been involved in funded research both as a principal investigator and co-investigator, with over \$14 million in external funding since 2004. He is a diplomat of the American Board of Psychiatry and Neurology and has lectured and presented nationwide and internationally, including being an invited speaker at a White House Convening in 2016.

A medical graduate of Dow Medical College, Dr. Saeed completed his residency training in psychiatry at the Illinois State Psychiatric Institute, Chicago. He is certified in Psychiatric Administration and Management by the American Psychiatric Association and holds a MS degree in Counseling and Psychotherapy.

**WILLIAM L. ROPER**

*Interim President  
University of North Carolina*

**HARRY L. SMITH, JR.**

*Chairman of the Board of Governors  
University of North Carolina*

**Interim President Bill Roper's Report to the UNC System Board of Governors  
May 22, 2019**

Good morning, and thank you, sir. It's an honor to present to you today. Along with others, I want to acknowledge that this is our first time gathered together since the horrific shooting at UNC Charlotte, and we all remain Niners today to be sure. I want to thank Trustee Chair Price for his gracious remarks and salute Chancellor Dubois, all of the senior team, and the whole UNC Charlotte community for the amazing things that they've done in this time of trial and tragedy.

Turning to good news, I want to ask you to join me in welcoming Chancellor-elect Kelli Brown who will shortly be the person in charge of Western Carolina University starting July 1st. Her husband, Dennis Brown, is with her. Please stand so we can recognize you. Many of you met Kelli last evening at the reception, and I'm quite confident, even more so, that she has the skill set, the talent, and the energy Western needs and will benefit from enormously. So, we welcome you to North Carolina and all that lies ahead.

Also, please welcome Dan Gerlach who was sitting right here. Where's Dan? Dan is the interim chancellor at ECU, and I wanted personally to thank him for his willingness to take on that position. He hit the ground running at ECU on May the 6<sup>th</sup>, two and a half weeks ago. Together the System Office and the team at ECU have underway an operational assessment at ECU that will enable the chancellor and his team to manage and lead ECU effectively going forward. The idea of an operational assessment, which I in error earlier called an audit, and State Auditor Wood taught me to say operational assessment. So, I'm trying to do that. The idea is for us to have an objectively verified, agreed upon set of facts and figures about the current state at ECU and going forward. The expression you might have heard is "we're all entitled to our own opinions, but we're not entitled to our own facts." We want to have one set of facts that we can all work from. I believe you understand that point. I've had the opportunity to get the sound advice and guidance from Auditor Wood, and among the things that we have discussed and agreed upon that we would hire Cherry Bekaert, the outside audit and accounting firm to help us in this process. And we are looking at doing this at other institutions within the UNC System, and Auditor Wood and I talked about that this morning.

I also personally want to welcome Adam Schmidt, the new head of ASG and new member of the Board of Governors. Adam and Raekwon Davis, the vice president of ASG, and I had lunch at an amazing culinary place called Sutton's Drugstore here in Chapel Hill.

Turning to other topics, the legislature continues to make progress towards a budget. The House passed their budget two weeks ago, which included a number of our top priorities from the Board of Governors.

Most significantly, the House budget included a significant portion of our summer funding request, funding for data modernization, faculty recruitment and retention, and a number of university-specific asks that were included in the Board's request. In addition, the House budget included a number of policy wins, including carryforward increase to 7.5% and most of our other policy requests. On the carryforward, I'd like to thank Governor Holmes and Governor Rucho for their advocacy of that important improvement in our ability to manage the universities and the University System in a productive way.

## APPENDIX D

Recently, I completed visits with all 17 UNC System institutions, all three affiliates, and all of you Board members. It has been a remarkable experience to see and hear from so many about what makes this University special and to seek advice from each of you, almost all of those in person. A handful of you was by telephone, but I did interact with each member of the Board of Governors, including those of you that are about to depart and those that are about to arrive on the Board of Governors. And in those conversations, I sought your advice on what I should do, and do more of, and what I should do less of or even avoid doing. So, thank you for your wisdom.

Again, in your folders, you have a summary of notable news items from Across the System. We want to keep you informed and we want to do that in an efficient way. The notable news this time also includes information about our UNC System scholars' programs.

When I first met with you – four months ago – in January, shortly after I began this role, I set out three priorities for my work as interim president. Today, I'd like to give you an update report on our progress.

In January, I said my first priority is to “settle things down,” working with you, the chancellors, and the entire team.

With a lot of help from you and others, I believe we have made perceptible progress toward a more steady, stable operating environment. Of course, I acknowledge that one person's view of “unsettledness” will be different from another's – but a number of you and many others have told me they have noticed and are appreciative. The work continues, to be sure.

My second priority is to continue the implementation of the strategic direction begun by you and President Spellings. We continue to see widespread progress on the goals for the System and the institutions. Ultimately, with full accountability, we want to get more students from more backgrounds, into and graduated from college – faster, more conveniently, and more affordably than ever before.

My third priority is to do the work of the System Office – empowering and giving resources to the people doing the real work and then getting out of the way and letting them do their jobs.

At the System Office, the already strong senior team has been aided by the transition team. And it's been especially gratifying that everyone has worked seamlessly together – as one team – for the people of North Carolina. If you'll indulge me, I'd like to recognize and thank those people. All of you that were on the senior team at the System Office please stand so we can recognize you. [applause] And the members of the transition team, will you join them so we can say thank you to you. [applause] Hard workers.

This teamwork– under your leadership – has enabled for us to manage the leadership transitions at UNC-Chapel Hill and at ECU, to select a new chancellor at Western Carolina University, and a new CEO which we recommend for UNC-TV, to push forward your budget and policy priorities with the General Assembly, and to assist the universities and the North Carolina School of Science and Mathematics and other affiliates to deal with local issues and challenges.

As I said in January, it is an honor and a privilege to serve in this position. Thank you for your help and guidance.

## APPENDIX D

### UNC System Office

Three recent UNC System graduates will serve as Presidential Scholars for the 2019-20 academic year. They are Robert Boone from Elizabeth City State University, Alexis Landrum from UNC Wilmington, and Katharine Shriver from UNC-Chapel Hill.

The Marian Drane Graham scholars program for rising juniors and seniors is a six-week summer experience designed to gain an understanding of issues facing public higher education. Scholars will be placed in a partner state agency. The 2019 scholars are: Matthew Angerson, UNC-Chapel Hill, placed with the NC Community College System; Lorcan Neill, NC State, working with NC Business Committee for Education through the Governor's Office; Nya Anthony, UNC-Chapel Hill, placed with NC Department of Military and Veterans Affairs; Ruohong "Katherine" Wang, UNC Pembroke, who will work with Go Global NC; and Jennifer Gamez, UNC Wilmington, placed with DPI.

### Appalachian State University

The Appalachian State University Academy at Middle Fork enrolled 271 K-5 students in its first year and boasts a progressive interdisciplinary curriculum with state-of-the art literacy program. The literacy workshop is held daily. At winter literacy check-ins, last year's 4th graders reading levels grew by 81% on 5th grade assessments. The 4<sup>th</sup>/5th grade Battle of the Books team tied for 5th in the district. Teaching and admin staff have 300 years of combined classroom experience; seven with master's and 15 pursuing advanced degree programs at App.

In 2018-19, Appalachian was recognized as a top producer of Fulbright Scholars, tying for first place with College of Charleston for the highest number of faculty and staff recipients among master's institutions. This ranking is a testament the university's commitment to global learning and intercultural communication. Crucially, the recipients of Fulbright Awards bring that knowledge back to the campus – specifically to students.

App State Athletics has 14 varsity teams with perfect single-year Academic Progress Rate (APR) scores of 1,000 for 2017-18. APR measures eligibility, graduation, and retention each semester. With 14 of its 18 varsity sports teams recognized, Appalachian has set a university record and leads the Sun Belt Conference. All of App State's women's sports programs had a perfect single-year APR score.

### East Carolina University

During the university's 110th spring commencement ceremony, ECU awarded 4,074 undergraduate and 1,081 graduate degrees, including 131 doctoral degrees, 50 dental, and 72 medical degrees. Actor and ECU alumna Emily Procter told graduates that there is no limit to the positive change that they can create.

After being named interim chancellor by Interim President Roper, Dan Gerlach officially began duties on May 6.

Dan Dickerson, science education professor and STEM CoRE coordinator, traveled to the Arctic in early April to help collect data and test the Smart Stick, a snow sensor prototype developed by ECU engineering students. NBC's *Today* show sent a crew, including meteorologist Al Roker, for live news segments focused on the team's work and how climate change is affecting residents in the region.

### Elizabeth City State University

ECSU's Unmanned Aerial Systems degree program will launch in fall 2019. The U.S. Dept. of Education and SACSCOC have approved the bachelor's degree, the only four-year degree program of its type in NC. UAS students will receive drone pilot training, mission planning, data processing, system design, and integration instruction. The program includes applied research in precision agriculture, infrastructure inspection, 3D mapping, homeland

## APPENDIX D

security, and thermal imagery. ECSU with Ohio's Sinclair Community College, one of the leading drone technology institutions in the country, will begin research focusing on the "unmanned traffic management" of drones.

ECSU graduating senior aviation student Jake Norris is one of two national recipients of the Wilkes Flight Initiative honor. Part of the College Student Pre-Commissioning Initiative, he will enter the Coast Guard's Officers Candidate School and then directly to flight training in Pensacola. He is the third ECSU student to receive this honor.

ECSU and Pitt Community College in Greenville signed four agreements designed to give community college students a clear path to ECSU. The signing highlighted criminal justice, business administration, birth-to-kindergarten education, and a co-admission agreement that will allow students to be admitted to ECSU and Pitt simultaneously and moving to the university upon the completion of an associate's degree. Both the criminal justice and business administration programs include an online degree completion component. Pitt Community College is ECSU's first collaborator in the two online degree programs.

### **Fayetteville State University Highlights**

SAP and the Broadwell College of Business and Economics held SAP Day in April. Students learned about employment opportunities. FSU has the sole NC SAP Next-Gen Laboratory, one of 10 in the US. SAP Next-Gen connects companies, students, researchers, startups, and SAP experts. SAP ERP is part of the FSU curriculum.

FSU hosted 75 representatives from the 11 NC Community Colleges that offer the \$10,000 (\$10K) Degree Pathway. Launched by Chancellor James Anderson, the \$10K Degree Pathway permits NC associate degree graduates to earn a bachelor's in one of FSU's 10 online degree programs for a maximum out-of-pocket cost of \$10,000; \$5,000 at community college and \$5,000 at FSU, minus need-based grants. Expanded from five community college partners to 11, the convening helped to clarify program requirements and plan joint marketing and recruitment.

Heather Vivian, an MBA student at FSU, was recognized for the best business case presented to NASA's "Space Tank" team, a competition that resembles television's *Shark Tank* program. Vivian and her undergraduate teammates, Lenore Miller and Anjel Castro, presented their business case on "Molecular Sequencing and Bio-contaminant Identification Device (MoSBiD)" for pathogens detection and identification, invented at FSU. NASA selected ten finalist teams. The business case surrounding the MoSBiD invention was supervised by Prof. Tavakoli.

### **N.C. A&T State University**

N.C. A&T announced its second class of Cheatham-White Scholars, an exceptionally talented group of 25 high school seniors who will enter the university this fall with an average cumulative GPA of 4.34, SAT score of 1,384, and ACT score of 30. On average, these scholars rank in the top 10 percent of their graduating classes. Nineteen hail from NC, with the remaining from Georgia, Kansas, Maryland, Tennessee, and Virginia.

The men's and women's track teams won the MEAC Conference Outdoor Championships. Combined, the teams have 11 conference titles and are ranked sixth among Division I programs – the highest ranking held by an HBCU.

Chancellor Harold L. Martin Sr. hosted U.S. Sen. Tim Scott (R-SC) and Rep. Mark Walker (R-NC), White House Special Assistant to the President for Domestic Policy Ja'Ron Smith, state Sen. Gladys Robinson, Greensboro Mayor Nancy Vaughn, and community leaders for a meeting on economic opportunity zones and economic development. Guests toured the newest building at Gateway Research Park and primary tenant, Core Technology Molding Corp.

Associate Professor Robert Newman, Ph.D., received a \$1.4 million grant from the NIH's National Institute of General Medical Sciences to investigate biochemical mechanisms that facilitate communications within and between cells in the human body.

## APPENDIX D

### **NC Central University**

NCCU awarded 1,096 bachelors, master's, juris doctor, and Ph.D. degrees. The Honorable Cheri Beasley, chief justice of the North Carolina Supreme Court and speaker at the Graduate and Professional ceremony, was presented with a Doctorate of Humane Letters for her community contributions and achievements.

NCCU unveiled its new state-of-the-art television studio. With \$1.86 million in Title III funding, the studio will enhance the training of students in mass communications. The high-tech, high-touch facility will provide learning experiences in audio and visual technology, camera operation, lighting, directing, and on-camera presenting.

NCCU has selected 21 students to make up the second cohort of the incoming Cheatham-White Merit Scholars to receive the state-funded merit scholarship award. The second cohort of scholars for fall 2019 includes 12 students from North Carolina and others from Virginia, Maryland, Washington, D.C., Arkansas, and Georgia. The cohort's average academic profile is 4.34 GPA, 1347 SAT, and/or 29 ACT.

### **NC State University**

A year after being named to the National Academy of Sciences, food scientist Rodolphe Barrangou was elected to the National Academy of Engineering for his pioneering work in the discovery of the adaptive bacterial immune system known as CRISPR. It is a very rare honor to be a member of more than one of the National Academies.

All four of NC State's nominees (the maximum a campus can nominate) were selected to receive the Goldwater Scholarship, the nation's preeminent STEM scholarship. Winners are Neil Baugh, junior in materials science and engineering; Rachel Chen, sophomore in statistics; Nikhil Milind, sophomore in genetics and computer science; and Ana Sofia Uzsoy, sophomore in physics and computer science. NC State's total of Goldwater scholars is 55.

Three-time graduate Christina Hammock Koch launched to the International Space Station on March 14 for a year-long stay. She will participate in the first all-female space walk in history, celebrate the 50th anniversary of the first moonwalk, and return to Earth in early 2020 with the record of the longest female mission in space.

Wolfpack constituents made more than 10,000 individual gifts on NC State's first-ever Day of Giving, contributing \$13.5 million to support student success, infrastructure, research, and academics.

### **UNC Asheville**

A team of 10 students and two faculty members have been working on the creation of C15CO, a reusable dish collecting robot for Cisco Systems that will help them achieve a zero-waste goal for its RTP campus. At two-feet tall with LIDAR (Light Detection and Ranging) technology and mecanum wheels, the robot uses intelligent sensing and control algorithms to move in an office environment with desks and cubicles and has the ability to recognize the human form and will help employees transport reusable dishes from the four floors to the kitchen for cleaning. The project exemplifies the work of the Mechatronics Engineering Program, which combines electrical, mechanical and computer engineering and is offered jointly by UNC Asheville and NC State.

UNC Asheville has gained four new Fulbright Scholars this year: student Kay Tyrlik, who will be conducting research in immunology in Poland; alumna Phoenicia Schwidkay, who will teach English in Vietnam; Master of Liberal Arts and Sciences alumnus Jason Carter, who traveled to Senegal in 2019 on a Fulbright Teachers for Global Classrooms grant; and faculty member Agya Boakye-Boaten, chair and associate professor of Africana and Interdisciplinary and International Studies, who will spend the 2019-20 year at the University of Cape Coast in Ghana.

## APPENDIX D

### UNC-Chapel Hill

UNC-Chapel Hill's Gillings School of Global Public Health is the nation's #1 public school of public health for attracting research grant funding from the National Institutes of Health. Gillings was awarded nearly \$194 million in fiscal 2018, ranking 3<sup>rd</sup> overall. Average funding for each faculty principal investigator was \$1.15 million. Overall, the NIH awarded UNC-Chapel Hill, including the School of Medicine, over \$432 million in 2018 for 800-plus projects, which address some of the most challenging health issues facing people across NC and beyond.

Three UNC-Chapel Hill professors have been elected to the American Academy of Arts and Sciences, one of the nation's most prestigious honorary societies. Naming of Kathleen Harris, Haar Distinguished Professor of Sociology; Jodi Magness, Kenan Distinguished Professor for Teaching Excellence in Early Judaism; and Bryan Roth, Michael Hooker Distinguished Professor of Pharmacology increases number of faculty elected to 42.

A \$200,000 grant from the SECU Foundation will expand the reach of teacher licensure from UNC-Chapel Hill and NC State and offer scholarships for North Carolina teachers. The grant will create training modules in the existing Pathway to Practice NC online program so teachers can pursue specialized licensures in elementary or special education. The grant will also provide scholarships for teachers to complete the training.

### UNC Charlotte

The Niner Nation Remembrance Commission will lead the difficult conversations that will address how best to memorialize the victims and remember the tragedy that occurred on April 30. As nearly 4,800 Niners graduated, all rose together in honor as the families of Reed Parlier and Riley Howell courageously took the stage to accept Degrees in Memoriam on their behalf.

Most meetings end with attendees wondering what was accomplished. In 2019, leaders everywhere who want to make meetings more productive should read *The Surprising Science of Meetings* by UNC Charlotte's Steven Rogelberg. *The Washington Post* recently listed it as the No. 1 leadership book to watch for in 2019. Rogelberg, an organizational science professor, is an internationally recognized researcher on the subject of meetings.

A new study by researcher Jill Yavorsky and colleagues finds that the glass ceiling is more extensive than previously thought. It shows men hold nearly all primary breadwinning positions in top income households. The study, "Women in the One Percent: Gender Dynamics in Top Income Positions," is featured in the February issue of *American Sociological Review*, the flagship journal of the American Sociological Association.

Professor Jeffrey Leak, who teaches in the departments of English and Africana Studies, has been named an American Council on Education (ACE) Fellow for the 2019-20 academic year. He is one of 39 individuals selected nationwide for this prestigious professional development opportunity.

Treven Stoddard, a senior computer science major, received the 2019 Blue Diamond Student Innovator Award for developing an application to assist algebra and calculus students. His creation, Genubot, uses machine learning software "to pinpoint a user's mistake and identify steps for improvement, all while being interactive and tailored to the user learning experience." The award recognizes the Charlotte region's technology innovation and talent.

### UNC Greensboro

UNCG has been shining the spotlight on its commitment to student success. The university executed a major series of events featuring an award-winning film called *Unlikely*, about the college dropout crisis, and hosted a panel discussion with lawmakers, civic leaders, media, students, and student success advocates to talk about both keeping students on track to graduate and helping those who drop out return and complete their degrees.

## APPENDIX D

UNCG announced the activation of nearly \$1.5 million in grants from the Armfield and Cemela Foundations to implement and scale a program that trains graduate students to become student success coaches. The program will initially serve 150 students, but with success, it is expected to expand to all new students over time.

UNCG celebrated a \$1million donation from Cristopher and Laura Braxxton Tew to rename its world-class 350-seat Recital Hall at its School of Music, now known as the Tew Recital Hall.

UNCG's Moss Street Lab School has completed its first year with about 60 5th graders moving on to middle school.

### **UNC Pembroke**

Blue Cross Blue Shield of North Carolina and its Healthy Blue plan announced a \$775,000 investment to establish the Community and Wellness Institute of Southeastern NC at UNC Pembroke.

Dr. Todd Telemeco has been named founding dean of the College of Health Sciences at UNC Pembroke. Telemeco stood out in the nationwide search for the position because of his experience implementing high-quality, interprofessional health science programs.

UNC Pembroke officials broke ground on the future \$38 million, state-of-the-art School of Business building, where students will have access to cutting-edge programs for generations to come. In addition to 14 classrooms, the building will feature a career services center, a 300-seat auditorium, an interactive market-style trading room, video conference room, computer lab, collaborative study spaces, food court, and a multimedia resource room.

### **UNC Wilmington**

Research professor Steve W. Ross is the author of the most peer-reviewed journal articles resulting from ocean exploration missions supported by the NOAA's Office of Ocean Exploration and Research. NOAA named UNCW the 10th top-producing institution of OER-supported peer-reviewed articles.

Betty Bowen, Cassandra Davis, Joshua Freeman, Chantelle Guthrie, Anna Kirk, Julie Linder, Melinda Miller, Nicole Mock and Nicole Spencer are the first graduates of UNCW's Doctor of Nursing Practice program.

From January to March, Wilmington served as a "home away from home" for 20 scholars from around the globe as part of a Fulbright grant co-directed by Watson College of Education's Amy Garrett Dikkers and the Office of International Program's Jennifer Fernandez-Villa. UNCW is one of 10 universities in the US to host 2019 cohorts.

Vice Chancellor for Student Affairs Pat Leonard was honored with the 2019 William C. Friday Lifetime Achievement Award for her exemplary service to students during her 36-year tenure.

### **UNC School of the Arts**

Three UNCSA alumni are nominated for the nation's top theater prizes. Paul Tazewell is nominated for a Tony Award for Best Costumes for *Ain't Too Proud – the Life of the Temptations*. Camille A. Brown is nominated for Tony and Drama Desk awards for Best Choreography for *Choir Boy*. Rebecca Naomi Jones is nominated for a Drama Desk for Outstanding Actress for *Oklahoma!* Winston-Salem resident Rosemary Harris, frequent guest artist and wife of late UNCSA founder John Ehle, will receive a special Tony Award for Lifetime Achievement in the Theater.

The nationally ranked School of Filmmaking celebrated its 25<sup>th</sup> anniversary with its annual senior film showcase held at The Academy of Motion Picture Arts & Sciences' Pickford Center in Los Angeles as part of a weeklong trip in

## APPENDIX D

which students had an opportunity to meet with executives from some of the top studios and agencies. Producer Deniese Davis of HBO's *Insecure* and COO of ColorCreative TV spoke to the graduates about the film industry.

Two alumni and five students won "Artpreneur" awards through Chancellor Lindsay Bierman's Artpreneur Initiative. Choreographers Camille A. Brown and Juel D. Lane will each receive \$20,000, while graduating students Taylor Dankovich, Malik Dowdy, Bailey Lee, Luis Sanz and Alexis Sneed will receive \$2,500 each.

### **Western Carolina University**

WCU officially bestowed the name of late chancellor onto the David Orr Belcher College of Fine and Performing Arts. Belcher served as WCU chancellor from 2011 until his death in June 2018 after battling brain cancer. During the ceremony, members of Belcher's family gathered with Cashiers-based artist Wesley Wofford to offer input on his work-in-progress clay bust of Belcher that, when completed, will be on permanent display.

WCU announced the successful conclusion of its comprehensive fundraising effort, "Lead the Way: A Campaign Inspired by the Belcher Years." The campaign, which kicked off July 1, 2014, and ended April 15, 2019, netted a total of \$61,883,018 in cash, pledges, grants and planned gifts from 12,368 donors, nearly half first-time donors.

Chancellor-elect Kelli R. Brown will officially take office on July 1.

WCU's home of Cullowhee was recognized as the nation's 13th most economically dynamic "micropolitan" area by the Walton Family Foundation. Micropolitan statistical areas are delineated by the US Office of Management and Budget and are defined as one or more adjacent counties with at least one urban core area between 10,000 and 50,000 in population, with adjacent territory having a high degree of social and economic core integration.

### **Winston-Salem State University**

In 1943, Elizabeth Barker Johnson enlisted in the U.S. Army and became a member of the 6888th regiment, the only all-female, African American Women's Army Corps battalion to serve overseas during World War II. After the war, she made history as the first female to enroll at Winston-Salem Teachers College on the GI Bill, earning a degree in education in 1949. For Johnson, who recently turned 99, there was still one thing that she hadn't accomplished: walking across the stage at graduation. Nearly 70 years later, she walked at Spring Commencement.

A proposal by WSSU students to address food insecurity has been awarded a \$100,000 American Heart Association grant. The two-year grant is through the American Heart Association's first EmPOWERED to Serve Urban Health Accelerator – HBCU Healthy Community Challenge Showcase. WSSU will partner with two existing community initiatives to mobilize and connect campus and community resources to address food insecurity in Winston-Salem.

WSSU brought together academic, community leaders, researchers, and students to share knowledge at the Social Mobility Summit 2019. The summit, themed "Innovative Approaches on Campus and in the Community," included a keynote from WSSU Chancellor Elwood L. Robinson on "Transforming Higher Education for 2020" and sessions highlighting path-breaking research by faculty fellows from the Center for the Study of Economic Mobility.

For the fifth consecutive year, Master of Science in Occupational Therapy grads received a 100% passage rate on the National Board for Certification in Occupational Therapy certification exam. The 2018 graduates of the Doctor of Physical Therapy program received a 100% first-time passage rate for the third consecutive year.

## APPENDIX D

### **North Carolina School of Science and Mathematics**

NCSSM is in the final stages of an intensive process that has renewed its institutional strategic plan consistent with UNC System goals and the mission of the school. Eight action planning teams comprising staff, faculty, alumni, students, and parents devoted hours to researching and proposing measurable strategic objectives. The planning leadership team oversaw the process and is proposing the final plan to the NCSSM Board of Trustees.

NCSSM-Morganton, set to open in 2021, has received major corporate gifts, including \$250,000 from Leviton Manufacturing Co. and \$100,000 from BB&T. The curriculum will emphasize data science and will leverage expertise in the region to prepare more North Carolinians for careers in the promising field. Demolition and site preparation have begun already, and a groundbreaking ceremony is planned for June.

The U.S. Department of Education announced that two of North Carolina's three 2019 US Presidential Scholars are from NCSSM: seniors Navami Jain and Jenny Huang. They will travel to Washington, D.C., in June, to meet and exchange ideas with the other 159 scholars from across the US. For her research into biomass fuel, Jain had been named one of 40 finalists from a pool of nearly 2,000 in the Regeneron Science Talent Search, the nation's oldest, most prestigious science and math competition for high school seniors.

### **Affiliates**

#### **The North Carolina Arboretum**

The North Carolina Arboretum in Asheville has secured \$2 million to expand its innovative K-12 STEM education programs to all 100 N.C. counties by 2023 and to expand its infrastructure to increase tourism and support aquatic and stormwater education.

#### **UNC Health Care**

UNC Lineberger researchers are working to expand Get Real and Heel to find innovative ways to reach more patients. A team of experts from oncology, cardiology, psychology and immunology, as well as cognition sciences, is conducting a study to understand why some patients fully recover cardiopulmonary capacity — a measure of their ability to deliver oxygen — through exercise, and others don't.

The Dementia Friendly Hospital Initiative will reach a total of 3,900 employees in four hospitals across NC to raise awareness of how patients with dementia experience care, and to meet their unique needs with strategic and compassionate treatment. This work could reach nearly 5,500 patients aged 65 years+ with dementia every year.

A team of clinical researchers from UNC-Chapel Hill received \$14 million from the Bill & Melinda Gates Foundation to conduct two studies aimed at improving pregnancy outcomes in the world's poorest countries. A team at the UNC School of Medicine and Gillings School of Global Public Health will lead studies, which will explore the role of technology in addressing key risk factors associated with pregnancy, labor, and delivery.

#### **UNC Press**

UNC Press was prominently featured on May 3 in *Inside Higher Education* regarding its Mellon-funded grant, the Sustainable History Monograph Pilot. The Press is the lead investigator of an effort bringing together over twenty university presses to explore an open access model for the digital publication of humanities monographs.

## APPENDIX D

UNC Press has received a \$50,000 grant from the William R. Kenan, Jr. Charitable Trust to support the publication of new titles in its Justice, Power, and Politics book series. Begun in 2013, these award-winning titles explore questions of social justice, political power, and struggles for equity in the twentieth century.

UNC Press has received a \$131,000 Humanities Open Book Program grant from the National Endowment for the Humanities and the Andrew W. Mellon Foundation to reissue out-of-print works in open access editions from the UNC-Chapel Hill Studies in Germanic Languages and Literatures series.

A book published by the Press was brought to the big screen in nationwide. *The Best of Enemies*, starring Taraji P. Henson and Sam Rockwell, is based on Osha Gray Davidson's work, set in Durham during public school integration.

### **UNC-TV Public Media North Carolina**

UNC-TV's focus on public safety continues with outreach to partners to build a research facility to test the capabilities of ATSC 3.0 (Next Gen TV). Next Gen TV is exciting, new technology that will replace the existing broadcast standard and provide higher quality video and audio, increased high-definition broadcast services, improvements in mobile receive capability and capacity to add services vital to public safety. Efforts in this space position UNC-TV as a leader and have garnered national recognition, including that of Federal Communications Commissioner Brendan Carr during the National Association of Broadcasters Conference in April.

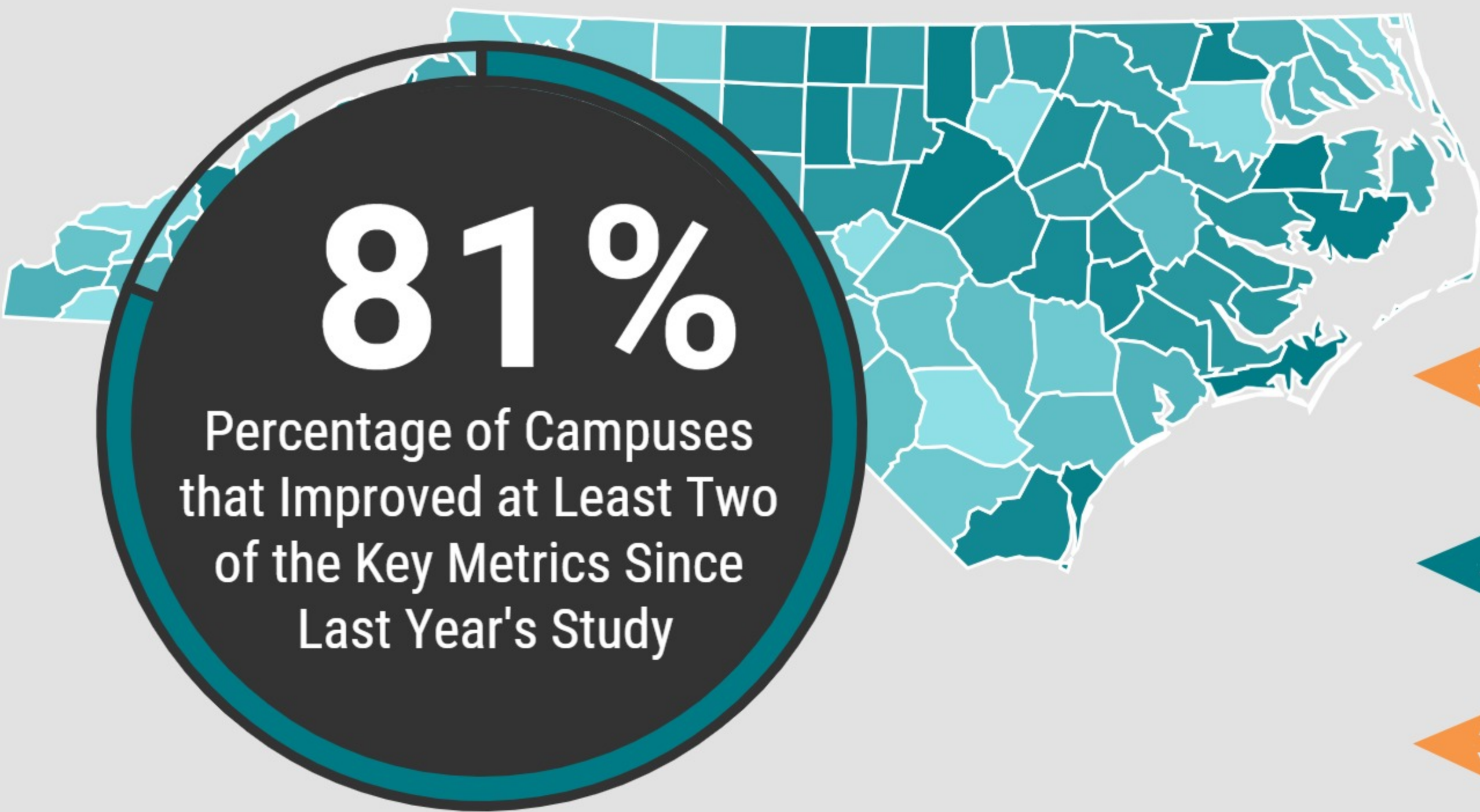
UNC-TV received a \$150K grant from the NC Department of Health and Human Services and a \$250K grant from the Corporation for Public Broadcasting and FM Kirby Foundation to engage parents, conduct needs assessments, and provide early childhood content, resources and services to select underserved communities in NC.

The Planned Gift team closed a Charitable Gift Annuity during the last quarter totaling over \$100,000. The North Carolina Public Television Foundation also received an initial estate bequest of \$54,250 and an endowed gift of \$50,000 in support of the General Operations of UNC-TV. The Major and Planned Giving team is on pace to meet this fiscal year's goal of \$1 million in contributions.



# UNC System Debt Capacity Study

Highlights from the 2018 Study



## Ratio Improvement



**11**  
OUT OF 16

Number of Campuses that Increased Debt Capacity vs. Last Year's Study



Institution	Moody's	S&P	Fitch
ASU	Aa3	-	-
ECSU	Baa2	-	-
ECU	Aa2	AA-	-
FSU	-	A-	A+
NCA&T	A1	-	A+
NCCU	A3	-	-
NCSU	Aa1	AA	-
UNCA	A1	-	-
UNCC	Aa3	A+	-
UNCCH	Aaa	AAA	AAA
UNCG	Aa3	A+	-
UNCP	-	A-	-
UNCSA	-	-	-
UNCW	Aa3	-	-
WCU	Aa3	-	-
WSSU	A3	BBB+	-

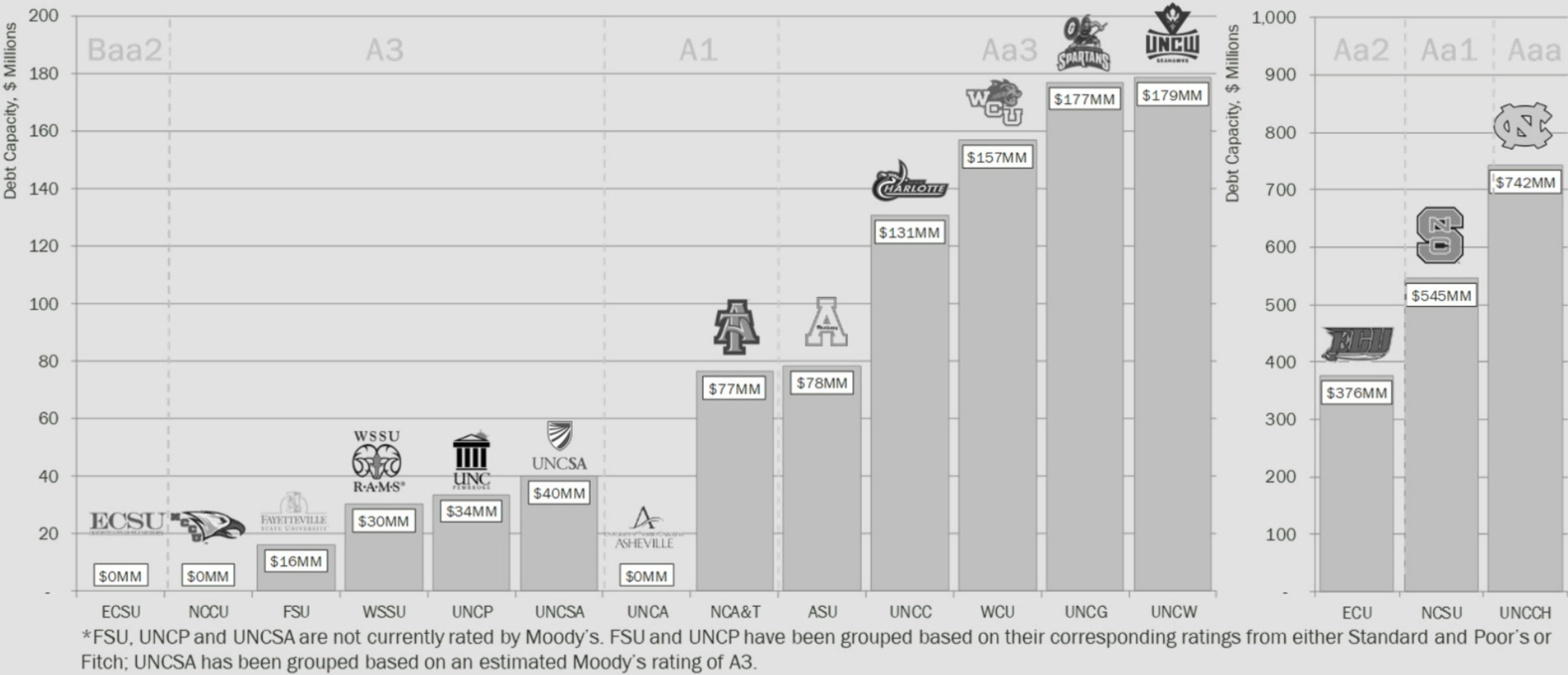
14

Number of Campuses that Maintained or Improved their Credit Ratings and Outlooks Since Last Year's Study

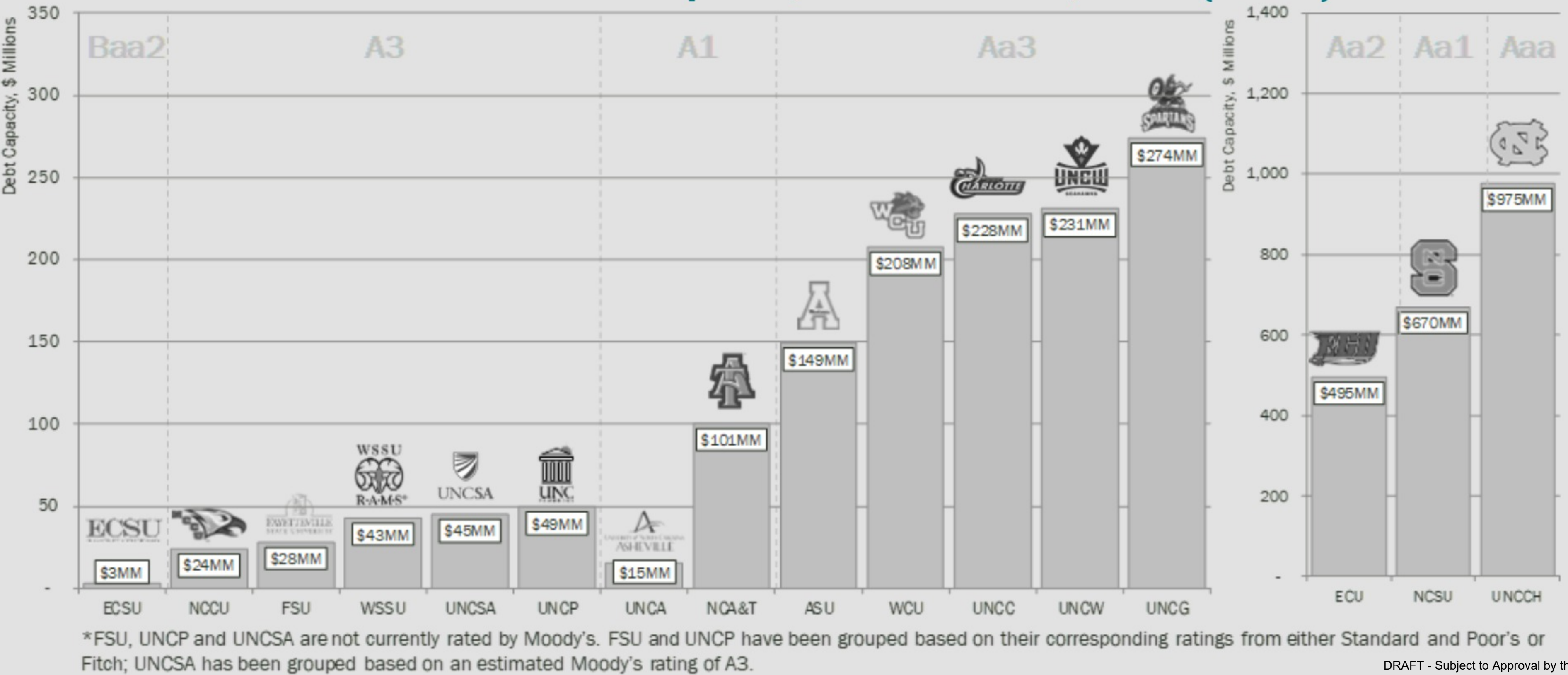
Key:	
Rating Upgrade	Outlook Improvement
Rating Downgrade	Outlook Deterioration

\*Reflects University's Rating on General Revenue Bonds

Current Debt Capacity Across the System



Estimated Debt Capacity Across the System (2023)



# The University of North Carolina System Debt Capacity Study



The Debt Capacity Study was prepared by First Tryon Advisors on behalf of the University of North Carolina System

## Table of Contents

2019 Debt Capacity Study	1
Recommendations	5
Appendix A: Key Definitions	8
Appendix B: Overview of UNC System Debt	10
Appendix C: Study Methodology and Background	11
Appendix D: Reports from Constituent Institutions	14

## 2019 Debt Capacity Study

### Purpose of the Study

The Current Operations and Capital Improvements Appropriations Act of 2015, which was signed into law on September 18, 2015, 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 Board of Governors of the University (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**”) an annual study incorporating each Campus 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 relating to each institution’s fiscal management. Those Campus 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**”) and other long-term debt issued on behalf of each institution to finance various capital facilities, including housing and other enterprise projects.

N.C. Gen. Stat. §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 University-wide 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 System has presented in detail in the Campus 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 two additional ratios that are more widely used to measure a public university’s debt burden—**expendable resources to debt** and **debt service to operating expenses**. For more details on the ratios, see the information under the caption “[Description of Ratios](#)” below.

The Study is based on a financial model that has been developed to measure four 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 four ratios:

### Statutory Ratios

Ratio	Explanation	Commentary
<b>Debt to Obligated Resources</b>	Compares each institution's outstanding debt to the funds legally available to service its debt	<ul style="list-style-type: none"> <li>Provides a general indication of a institution's ability to repay debt from wealth that can be accessed over time</li> <li>Tied to the statutory framework for institution debt, so ratio is not used outside the State</li> </ul>
<b>Five-Year Payout</b>	Measures the percentage of each institution's debt to be retired within the subsequent five year period	<ul style="list-style-type: none"> <li>Indicates how rapidly an institution's debt is amortizing and how much additional debt capacity may be created in the near term</li> <li>Five year horizon is not widely used</li> </ul>

### Supplementary Ratios

Ratio	Explanation	Commentary
<b>Debt Service to Operations</b>	Measures debt service burden as a percentage of each institution's total operating expenses	<ul style="list-style-type: none"> <li>Indicates an institution's operating flexibility to finance existing requirements and new initiatives</li> <li>Uses expenses rather than revenues because expenses tend to be more stable year-over-year</li> <li>Permits comparison to peers outside the State</li> </ul>
<b>Expendable Resources to Debt</b>	Measures the number of times each institution's liquid and expendable net assets covers its aggregate debt	<ul style="list-style-type: none"> <li>Provides a general indication of an institution's ability to repay debt from wealth that can be accessed over time</li> <li>Permits comparison to peers outside the State</li> </ul>

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 two additional ratios—**debt service to operations** and **expendable resources to debt**.

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.

## APPENDIX E

### 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 Resources

Institution		
ECSU	Target	2.00
	Ceiling	2.25
UNCG	Target	2.00
	Ceiling	2.50
WSSU	Target	2.00
	Ceiling	3.00
FSU	Target	1.80
	Ceiling	2.10
UNCP	Target	1.70
	Ceiling	2.00
NCCU	Target	1.50
	Ceiling	2.00
UNCA	Target	1.50
	Ceiling	2.00
UNCC	Target	1.50
	Ceiling	1.75
UNCW	Target	1.50
	Ceiling	1.75
WCU	Target	1.50
	Ceiling	2.00
NCA&T	Target	1.10
	Ceiling	1.75
ASU	Target	1.00
	Ceiling	1.50
ECU	Target	1.00
	Ceiling	1.25
NCSU	Target	1.00
	Ceiling	1.25
UNCCH	Target	1.00
	Ceiling	1.00
UNCSA	Target	1.00
	Ceiling	1.50
Median Target		1.50
Median Ceiling		1.88

#### Expendable Financial Resources to Debt

Institution	Policy (NLT)
WSSU	0.25
FSU	0.35
NCCU	0.35
UNCP	0.39
UNCA	0.45
WCU	0.45
ECSU	0.50
UNCC	0.60
UNCW	0.60
UNCG	0.65
ASU	0.70
NCA&T	0.70
ECU	0.75
NCSU	1.00
UNCSA	1.25
UNCCH	1.50
Median Policy	0.60

#### 5-Year Payout Ratio

Institution		
UNCCH	Target	10%
	Floor	10%
NCA&T	Target	15%
	Floor	10%
NCSU	Target	15%
	Floor	10%
UNCA	Target	15%
	Floor	10%
UNCC	Target	15%
	Floor	12%
WSSU	Target	15%
	Floor	10%
UNCP	Target	17%
	Floor	10%
ECSU	Target	20%
	Floor	10%
FSU	Target	20%
	Floor	10%
UNCG	Target	20%
	Floor	15%
UNCW	Target	20%
	Floor	15%
NCCU	Target	20%
	Floor	15%
ASU	Target	25%
	Floor	10%
ECU	Target	25%
	Floor	12%
UNCSA	Target	25%
	Floor	12%
WCU	Target	25%
	Floor	15%
Median Target		20%
Median Floor		10%

#### Debt Service to Operations

Institution	Policy (NTE)
UNCG	8.00%
UNCC	7.00%
UNCP	6.70%
UNCW	6.50%
WSSU	6.50%
UNCA	5.80%
ECSU	5.50%
WCU	5.40%
ASU	5.00%
FSU	5.00%
NCCU	5.00%
ECU	4.00%
NCSU	4.00%
UNCCH	4.00%
NCA&T	3.50%
UNCSA	3.00%
Median Policy	5.00%

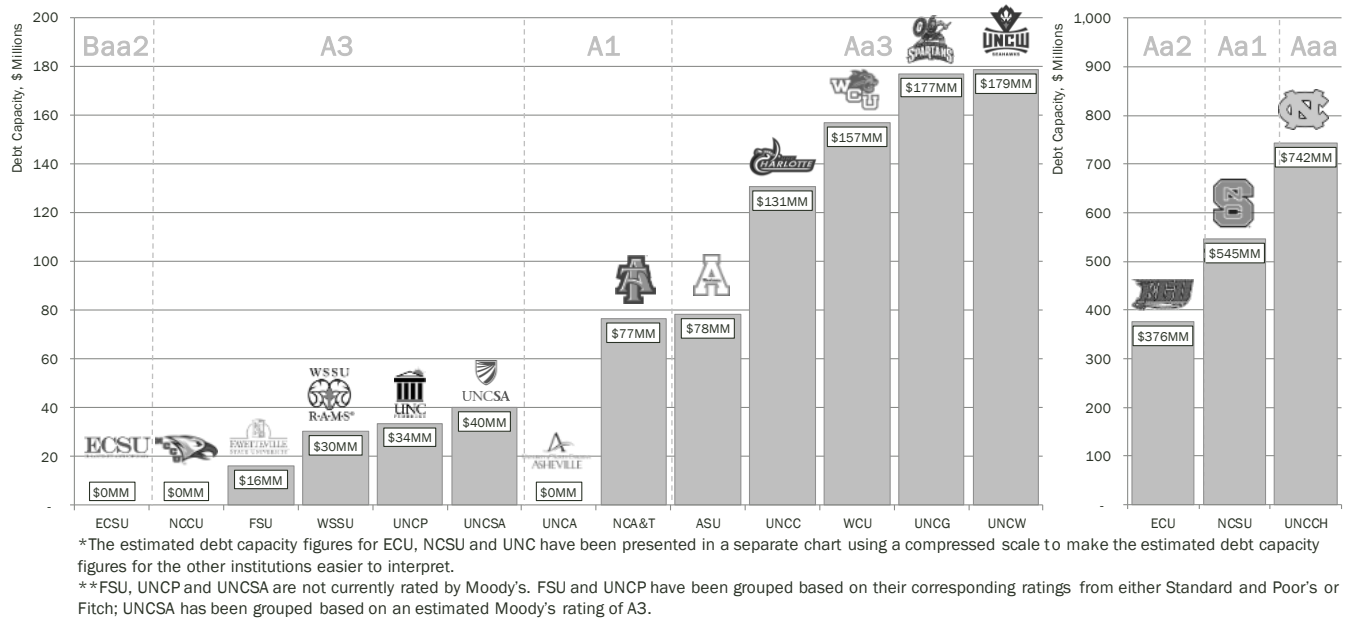
### Conclusions

The following table summarizes the **current estimated 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 2019** without exceeding its ceiling ratio for **debt to obligated resources** during any year of

## APPENDIX E

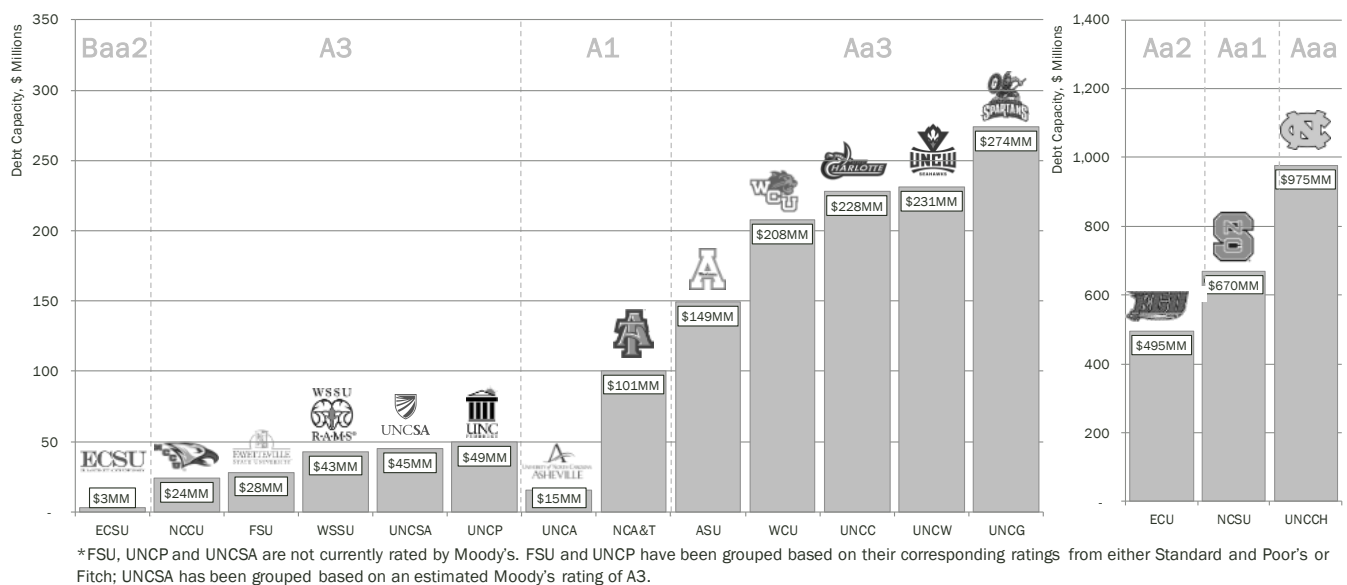
the Study Period, after taking into account any Approved Future Projects. The Approved Future Projects for each institution, if any, are detailed in its report included as part of **Appendix D**.

### Estimated Debt Capacity Across the System (2019)



Generally, debt capacity for each institution will grow over the course of the Study Period. The table below summarizes each institution's **projected estimated debt capacity for fiscal year 2023**, assuming it issued no debt (other than debt to finance any Approved Future Projects) until the last year of the Study Period.

### Estimated Debt Capacity Across the System (2023)



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.

The limited debt capacity shown for Elizabeth City State University, North Carolina Central University, UNC Asheville, and Fayetteville State University reflect recent or future financings that have already been approved by the Board and the General Assembly and are already factored into the debt-related ratios for those institutions. It is anticipated those institutions will have limited additional borrowing needs during the Study Period.

A small handful of institutions are facing significant headwinds in terms of enrollment and revenue growth, which is reflected in their debt capacity results. 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 to implement new strategies and policies to meet their unique challenges.

While the Study provides useful insight into the overall fiscal position and capital needs of each institution, policymakers and other stakeholders identify trends and challenges facing each institution and the University over time, 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

Because 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 University 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, foregoing a project even when it has significant debt capacity or pursuing a financing even if it 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 financing.

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

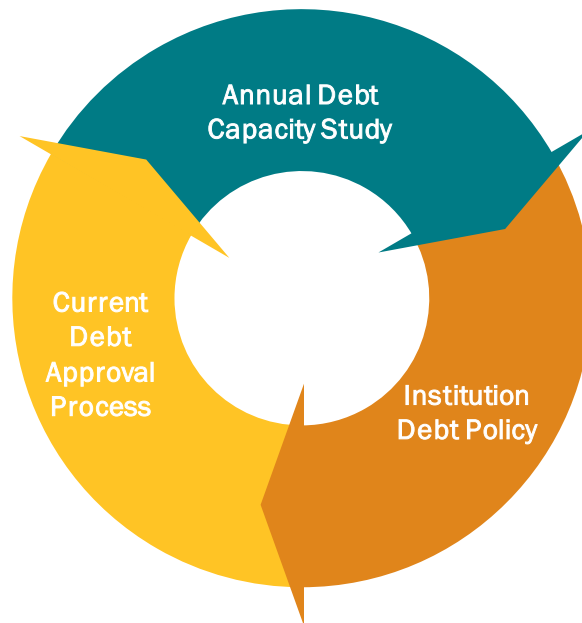
- Provides snapshot of each institution's current estimated debt capacity
- May indicate when a proposed project requires heightened scrutiny
- Updated annually to reflect newly approved debt and the institution's latest financial results and projections

### 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 project in light of an institution's overall debt burden, mission and needs



## Debt Consolidation Initiatives

In keeping with the State's constitutional mandate to provide all people of the State with access to the benefits of the University at the lowest practicable cost, the Board and the UNC System are committed to exploring all options that may help the Institutions operate in a more cost-effective manner.

As discussed above and in more detail in **Appendix B**, Institutions generally meet their financing needs by issuing general revenue bonds through the Board under Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended. Under the current approach, the bonds issued on behalf of each institution are rated and priced based solely on the ability for that institution to repay the debt from its own resources. This siloed approach results in a wide range of borrowing costs across the System, with the smallest institutions forced to borrow at interest rates that are more than 30% higher than the rates charged to the largest institutions.

To find a more efficient way for smaller institutions to access the capital markets, the Board and UNC System continue to explore options to develop and implement a new consolidated borrowing structure that would provide credit support to the smallest institutions without doing harm to any other institutions in the System. Under the proposed approach, bonds would be issued by the Board and loaned to each participating institution, similar to the pool transactions commonly done in the early 2000s. The UNC System is evaluating various structures and options to accomplish this goal and the extent to which legislative changes may be required to effectively implement those solutions.

## 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, “**State Supported Project Financings**”), while others have been structured so that the Institutions have no obligation to repay any associated debt (collectively, “**Nonrecourse Project Financings**”).

Because 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. By contrast, State Supported Project Financings, which are supported by the institution's obligated resources, are included in the Study's debt capacity calculations.

Over the past year, 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 have 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 in recent months, however, that they will be more likely to include in their institution leverage metrics Nonrecourse Project Financings 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 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.

## Appendix A: Key Definitions

**Debt:** Debt incurred under Chapter 116D 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.

Except as provided in subdivision d. of this subdivision, 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 because expenses are generally more stable. Operating Expenses also include an adjustment for any noncash charge relating to the implementation of GASB 68 and 75.

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

## APPENDIX E

### Expendable Resources to Debt:

Ratio that measures the number of times an institution's liquid and expendable net assets covers the institution's aggregate funded debt. In calculating the ratio, the institution's Unrestricted Net Assets has been adjusted to add any non-cash charges for the period (such as adjustments required by GASB 68 and 75).

Expendable Resources to Debt = 
$$\frac{(\text{Adjusted Unrestricted Net Assets} + \text{Restricted Expendable Net Assets})}{(\text{Debt})}$$

## 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 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 standalone 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 are 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

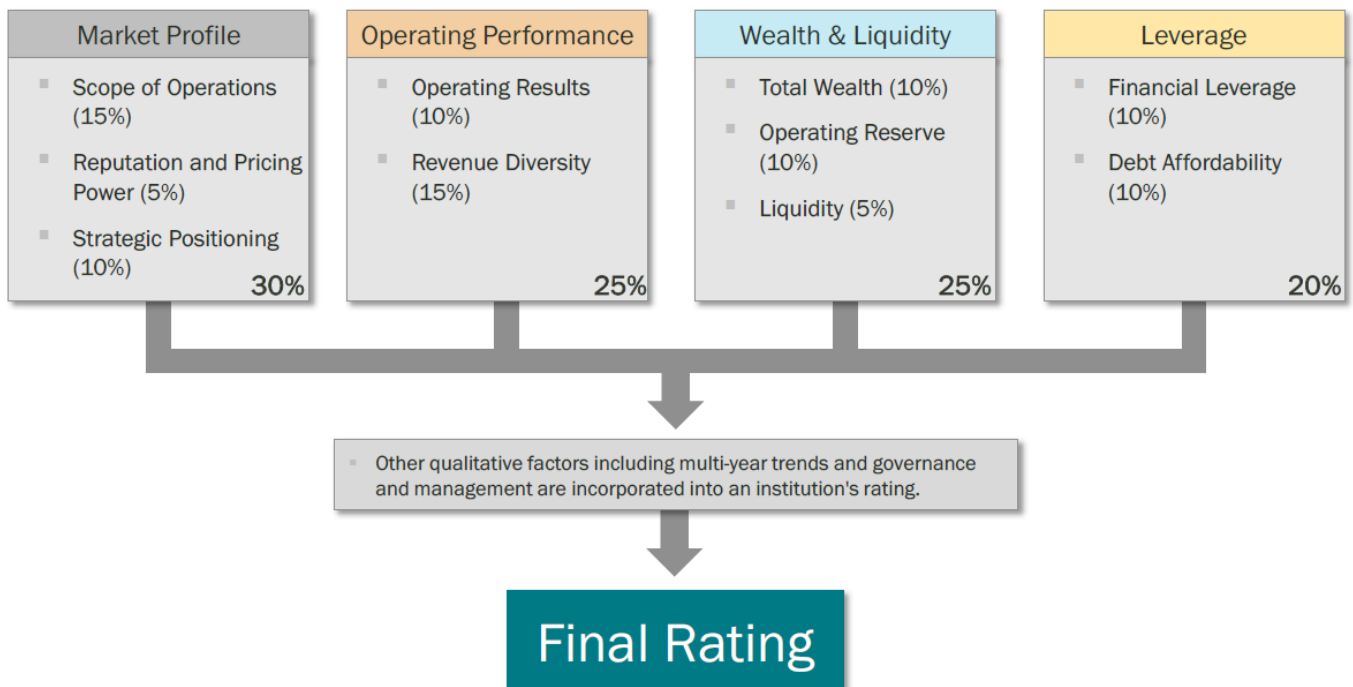
### Overview of Strategic Debt Management and Credit Assessment

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 future 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 three or four broad categories of factors. The table below summarizes the factors that Moody's Investors Service ("**Moody's**") considers as part of its "scorecard," which guides its credit profile analysis in the higher education sector:



\*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 of 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.

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. 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 current 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 multi-year 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 benefitted 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 relating to the projects under consideration, including project revenues and expenses, cost of funds, competing strategic priorities and the "hidden" costs of foregoing 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. Because 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 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

Because of the 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, 2018**—the most recent period for which audited financials are available. The model includes debt issued to finance new projects since June 30, 2018, 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 each 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.

Finally, by default, the financial model assumes that each institution's Available Funds, expendable resources and operating expenses will grow by an annual rate equal to the Consumer Price Index (1.90% at the time the model was developed). 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 such adjustment, and the factors considered in making the adjustment, is described in the individual institution reports attached as **Appendix D**.

## Appendix D: Reports from Constituent Institutions



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FY2018 DEBT CAPACITY STUDY OVERVIEW

## University of North Carolina System

May 21, 2019

### Overview of FY2018 Debt Capacity Study

#### UNC System Report

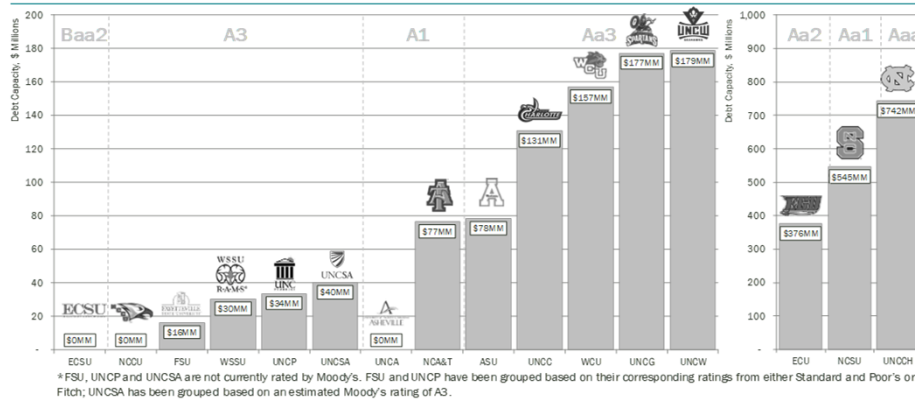
- SL 2015-241 (H97) requires the Board to advise stakeholders “on the **estimated debt capacity of The University of North Carolina for the upcoming five fiscal years.**”
- Because the UNC System itself has no aggregate debt capacity, the System report instead focuses on the following elements:
  - Educating stakeholders on the System’s current approach to evaluating debt and the complexity of the credit rating process;
  - Assessing each Campus’s estimated debt capacity over a five year period; and
  - Making recommendations for the use of the Study and suggestions for future improvement.

#### Campus Reports

- Each Campus report provides context for the Campus’s financial model and addresses H97’s legislative requirements.
- Campus 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 **four financial ratios**;
  - Current **debt and credit profiles**, including details on financed projects, sources of repayment, and recommendations for maintaining or improving the Campus’s credit rating; and
  - Copy of any **existing debt management policy**.

## APPENDIX E

## Current Estimated Debt Capacity



## General Observations

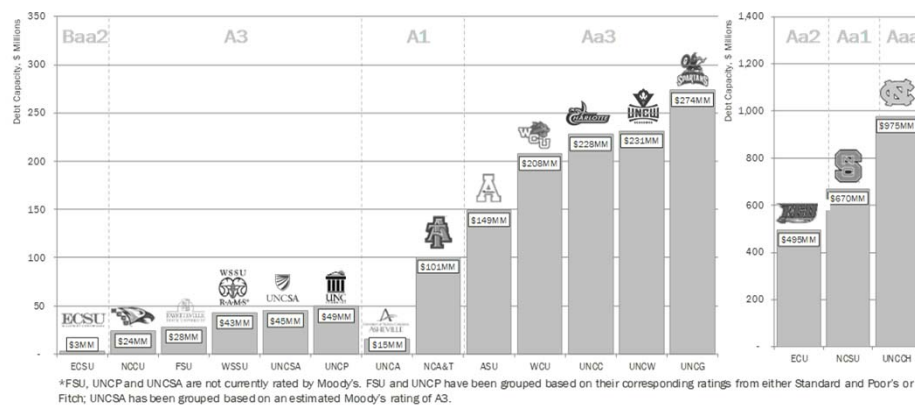
- What does "estimated debt capacity," as used in the Study, measure and mean?
  - Measures a Campus's general ability to absorb additional debt on its balance sheet, based on that Campus's ceiling ratio for debt to obligated resources
  - Calculated after taking into account any legislatively-approved projects to be issued during Study period
- What are its limitations?
  - Does not account for new revenue streams for self-liquidating projects (e.g., new dorm revenues)
  - Does not capture other strategic factors such as the opportunity costs of foregoing the project

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2

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## Projected Debt Capacity in 2023



## General Observations

- What does "projected debt capacity," as used in the Study, measure and mean?
  - Calculates debt capacity at the end of the Study Period, assuming each Campus issues no additional debt other than financings already approved by the General Assembly
  - Paydown of existing debt and projected growth in Available Funds generally lead to an increase in capacity
- Why might a Campus's estimated debt capacity be lower than projected?
  - Issuance of additional debt not already captured in the model
  - Deterioration in factors incorporated in Available Funds calculation (investments, auxiliary revenues, etc.)

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### Debt Capacity vs. FY2017 Study



Appalachian State University

UNC Chapel Hill

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## Debt to Obligated Resources



## Observations

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## Rating Agency Matters

### Rating Changes (May 2018 – April 2019)

Institution	Moody's	S&P	Fitch
ASU	Aa3	-	-
ECSU	Baa2	-	-
ECU	Aa2	AA-	-
FSU	-	A-	A+
NCA&T	A1	-	A+
NCCU	A3	-	-
NCSU	Aa1	AA	-
UNCA	A1	-	-
UNCC	Aa3	A+	-
UNCCH	Aaa	AAA	AAA
UNCG	Aa3	A+	-
UNCP	-	A-	-
UNCSA	-	-	-
UNCW	Aa3	-	-
WCU	Aa3	-	-
WSSU	A3	BBB+	-

Key:

Rating Upgrade

Outlook Improvement

Rating Downgrade

Outlook Deterioration

\* Reflects ratings on each Campus's general revenue bonds

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6

### Observations

- Standard and Poor's downgraded its rating on Winston Salem State University's general revenue bonds to "BBB+" in FY2018.
- Moody's revised its outlook on Appalachian State University's general revenue bonds downward based primarily on slower growth relative to other "Aa3"-rated institutions.
- Moody's revised its outlook on Elizabeth City State University's general revenue bonds upward based on stabilized financial performance and increased enrollment.

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## Integration of Debt Capacity Study into Debt Approval Processes

### Annual Debt Capacity Study

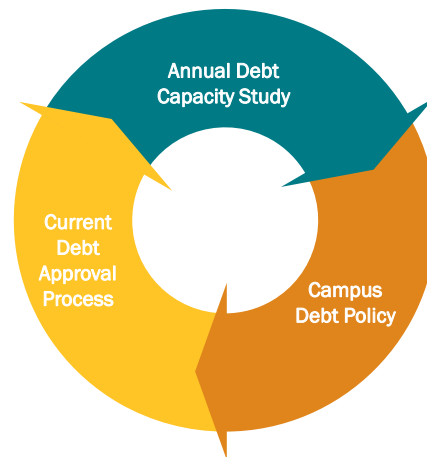
- Provides snapshot of each Campus's current estimated debt capacity
- May indicate when a proposed project requires heightened scrutiny
- Updated annually to reflect newly approved debt and the Campus's latest financial results and projections

### Campus Debt Policy

- Clarifies each Campus'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 project in light of a Campus's overall debt burden, mission and needs



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7

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## AGENDA ITEM

B-4. Authorization to Contract with Electronic Commerce Vendors ..... Clinton Carter

**Situation:** Currently, UNC System constituent institutions require specific authorization from the Board of Governors to be able to contract with service providers who process the receipt of funds electronically.

**Background:** The Board of Governors has designated all of UNC System institutions as “special responsibility constituent institutions” pursuant to G.S. 116-30.1. With the approval of the Board of Governors, special responsibility constituent institutions may be authorized management flexibility in certain areas outlined in G.S. 116-40.22. One of these areas is the ability to contract with service providers offering systems or services under arrangements that provide for the receipt of funds electronically, provided the services are in compliance with payment industry security standards. The statute includes language requiring compliance with state law regarding the collection and remission of funds, with a mechanism for exemption from the daily deposit requirement upon approval from the System Office and the State Treasurer.

Processing funds electronically is a critical component of transacting business in the 21<sup>st</sup> century. Without the ability to process the receipt of funds electronically, the constituent institutions would be hampered in their ability to efficiently and effectively serve their students, their families, and the public.

According to G.S. 116-40.21, the procedure for authorization of such management flexibility for any special responsibility constituent institution under G.S. 116-40.22 is the same as that to designate a constituent institution a special responsibility constituent institution. Conferring this flexibility on all special responsibility constituent institutions through this policy change will avoid the need for each special responsibility constituent institution to separately request authorization from the Board of Governors.

**Assessment:** The proposed policy change to Section 600.3.1 of the UNC Policy Manual will authorize the special responsibility constituent institutions to engage in electronic commerce without having to seek additional authorization from the Board of Governors. The institutions will still be required to comply with state law and regulations regarding the electronic collection and remission of funds and payment industry security standards.

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

600.3.1

Adopted 09/13/91

Amended 09/09/94

Amended 09/08/95

Amended 09/13/96

Amended 05/22/97

Amended 11/13/98

Amended 08/13/99

Amended 02/13/04<sup>+</sup>

Amended 11/12/04

Amended 05/11/07

Amended 10/12/07

Amended 09/09/11

Amended 06/14/13

Amended     /     /19

**Policy on Selection Criteria and Operating Instructions for Special Responsibility  
Constituent Institutions**

A. Achieving and Retaining Status as a Special Responsibility Constituent Institution. Management  
staffing standards and internal controls and safeguards.

1A. Responsibilities of Special Responsibility Constituent Institutions. The following standards and safeguards must be met and maintained in order to receive and retain the designation as a special responsibility constituent institution:

a1. The chancellor/executive director must assume personal responsibility and also establish the appropriate administrative and internal control procedures for carrying out the special delegations of authority. In this regard, the chancellor/executive director must certify that the administrative capability on campus in the areas of budgeting and accounting, personnel, and purchasing, as noted in b2., e3., and d4., below, are sufficient to carry out the increased flexibility being granted.

b2. The capability of the staff and the system of budgeting, accounting and internal controls must be sufficient to administer the increased budget flexibility given to the designated institutions.

e3. The personnel capacity, which must be exercised under the direction of appropriate administrative officials, must be available on campus to evaluate jobs, classify positions appropriately, set compensation properly, and carry out the related functions of position management at the level of authority provided by the delegation.

d4. The on-campus expertise must be available to purchase properly the equipment, supplies, and other goods and services for the institution up to the benchmark level established by the Board of Governors for the institution pursuant to G.S.N.C. Gen. Stat. § 116-31.10 (hereinafter G.S.).

~~e5.~~ The institution must maintain its financial records in such a manner that there are no significant findings in the annual financial audit reports, special reports, electronic data the State Auditor's Office.

~~f.~~ ~~[Repealed]~~

~~g6.~~ Chancellors/~~E~~xecutive ~~D~~irectors may delegate the authority for approving departmental plans for expenditures authorized under budget flexibility, but may not delegate the authority below the level of the appropriate ~~V~~ice ~~C~~hancellor.

~~7h.~~ The ~~C~~hancellors/~~E~~xecutive ~~D~~irectors shall review an annual internal audit report on expenditures authorized under budget flexibility, if that audit is deemed necessary based on the annual risk assessment performed by the ~~I~~nternal ~~A~~uditor.

~~8i.~~ The ~~c~~hancellor shall ensure that procedures and support systems are in place to provide for the effective operation and maintenance of all existing campus buildings and infrastructure. Procedures shall also be in place to assure proper accountability and safeguarding of all fixed assets and other items purchased by the University.

~~2B.~~ Responsibilities of the President and the Board of Governors. The president is directed to establish the administrative procedures necessary to carry out the following rules:

~~a1.~~ The ~~p~~President and ~~her/his~~ the president's staff shall review the annual financial audit reports, special reports, electronic data processing reports, performance reports, management letters, or any other report issued by the State Auditor's Office for each special responsibility constituent institution.

~~b2.~~ The ~~P~~resident shall take immediate action regarding reported weaknesses in the internal control structure, deficiencies in the accounting records, and noncompliance with rules and regulations. In any instance where significant findings are identified, the ~~p~~President shall notify the ~~C~~hancellor/~~E~~xecutive ~~D~~irector of the particular special responsibility constituent institution that the institution must make satisfactory progress in resolving the findings, as determined by the ~~p~~President of the University, after consultation with the State Auditor, within a three-month period commencing with the date of receipt of the published financial audit report, any other audit report, or management letter.

~~3e.~~ If satisfactory progress is not made within a three-month period, the ~~P~~resident shall recommend to the Board of Governors at its next meeting that the designation of the particular institution as a special responsibility constituent institution be terminated until such time as the exceptions are resolved to the satisfaction of the ~~P~~resident of the University of North Carolina, after consultation with the State Auditor. However, once the designation as a special responsibility constituent institution has been withdrawn by the Board of Governors, reinstatement may not be effective until the beginning of the following fiscal year at the earliest.

~~4d.~~ Any actions taken by the Board of Governors with respect to withdrawal or reinstatement of an institution's status as a special responsibility constituent institution shall be reported immediately to the Joint Legislative Education Oversight Committee.

~~5e.~~ The ~~p~~President and ~~her/his~~ the president's staff, after consultation with the State Auditor, shall review and consult with the ~~D~~irector of the Office of State Personnel and

the ~~D~~irector of the Division of State Purchasing and Contracts in ascertaining whether or not a constituent institution has the management staff and internal financial controls to administer the additional authorities authorized under G.S. 116-30.2, 116-30.4, and 116-31.10. Such review and consultation must take place no less frequently than once each biennium.

~~f.~~ ~~[Repealed]~~

## ~~B~~II. Budget Administration

### ~~1~~A. Appropriations to Special Responsibility Constituent Institutions

~~a~~1. All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of the University of North Carolina System shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made.

~~b~~2. Notwithstanding ~~G.S. 143-23(a1), G.S. 143-23 (a2), G.S. 143-23(a3), and G.S. 120-76(8)G.S. 143C-6-4~~, each special responsibility constituent institution may expend the General Fund monies so appropriated to it in the manner deemed by the ~~C~~hancellor/~~E~~xecutive ~~D~~irector to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors including but not limited to the following:

~~1~~~~a~~. A current institutional expenditure plan for each budget code must be established and maintained under the direction of the ~~C~~hancellor/~~E~~xecutive ~~D~~irector.

~~2~~~~b~~. No action shall be taken that would materially change the capability of the institution to carry out its educational mission as defined by the Board of Governors. The Board of Governors will retain program responsibility. No actions taken should have the effect of either establishing a new academic, research, or public service program or closing such a program without the specific approval by the Board. Reallocation of academic program resources should not be made to the extent that a particular existing program is seriously weakened or effectively discontinued, or a new activity not expressly authorized by the Board of Governors is initiated.

~~3~~~~c~~. Reallocations of interinstitutional program resources should not be made to the extent that campus participation in a particular program is materially weakened without specific approval by the Board.

~~4~~~~d~~. No action should be taken which would have the effect of establishing a new community service or student financial aid program without specific approval by the Board of Governors.

~~5~~~~e~~. Appropriations providing support for distance education/extension degree credit instruction at off-campus locations cannot be reallocated for other purposes without specific approval by the Board of Governors.

~~3e.~~ The quarterly allotment procedure established pursuant to G.S. ~~143-171~~143C-6-3 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution.

~~4d.~~ All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions.

~~5e.~~ The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions.

~~2B.~~ Reversions and Carry-Forward of Appropriations. Of the General Fund current operations appropriations credit balance remaining in each budget code of a special responsibility constituent institution, at the close of a fiscal year, any amount of the General Fund appropriations for that budget code, may be carried forward by the institution to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (~~2~~1½ ~~1/2~~%) of the General Fund appropriation. The ~~Dd~~irector of the ~~Bb~~udget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in each budget code of each institution

~~€III.~~ Personnel Administration. The ~~Cc~~hancellor of a special responsibility constituent institution, when ~~he the chancellor~~ finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with:

~~(1)A.~~ State ~~Pp~~ersonnel policies and procedures if these positions are subject to the ~~State Personnel Act~~ and if the institution is operating under the terms of a Performance Agreement or a Decentralization Agreement authorized under Chapter 126 of the General Statutes; or

~~(2)B.~~ Policies and procedures of the Board of Governors if these positions are exempt from the State ~~Personnel-Human Resources~~ Act.

~~C.~~ The results achieved by establishing and abolishing positions pursuant to the conditions set forth in ~~subdivision-subsection (1)A.~~, of this section, shall be subject to postauditing by the Office of State ~~Personnel-Human Resources~~.

~~D.~~ With respect to personnel actions taken under ~~subdivision-subsection (2)B.~~, of this section, no action should have the effect of either establishing a new academic program or administrative unit or closing an existing academic or inter-institutional program or administrative unit. No action should be taken which permanently reduces the number or amount of Regular Term budgeted teaching positions supported by General Fund appropriations thereby changing the student-faculty ratio or the budgeted average teaching salary established by the Board of Governors.

~~E.~~ Implementation of all personnel actions shall be subject to the availability of funds within the institution's current budget to fund the full annualized costs of these actions.

~~ÐIV.~~ Purchasing

~~A.~~ Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for a special responsibility constituent institution with regard to competitive bid procedures and the bid

value benchmark shall be an amount not greater than \$500,000. The Board shall set the benchmark for each institution from time to time. In setting an institution's benchmark, the Board shall consider the institution's overall capabilities including staff resources, purchasing compliance reviews, and audit reports. The Board shall also consult with the ~~d~~Director of the Division of Purchase and Contract and the ~~d~~Director of the Budget prior to setting the benchmark.

B. \_\_\_\_\_ Institutions with an expenditure benchmark greater than \$250,000 but not greater than \$500,000 shall submit to the Division of Purchase and Contract for that Division's approval, or other action deemed necessary by the Division, a copy of all offers received and the institution's recommendation of award or other action. Notice of the Division's decision shall be sent to that institution. The institution shall then proceed with the award of contract or other action recommended by the Division.

C. \_\_\_\_\_ The power and authority granted to the Board of Governors with regard to the acquisition, operation, maintenance and disposition of real and personal property and services shall be subject to, and exercised in accordance with, the provisions of Chapters 143 and 146 of the North Carolina General Statutes-Statutes and related sections of the North Carolina Administrative Code, except when a purchase is being made that is not covered by a State term contract and either:

~~(1)~~1. \_\_\_\_\_ The funds used to procure personal property or services are not moneys appropriated from the General Fund or received as tuition or, in the case of multiple fund sources, moneys appropriated from the General Fund or received as tuition do not exceed ~~thirty~~30 percent ~~(30%)~~ of the total funds; or

~~(2)~~2. \_\_\_\_\_ The funds used to procure personal property or services are contract and grant funds or, in the case of multiple fund sources, the contract and grant funds exceed ~~fifty~~50 percent ~~(50%)~~ of the total funds.

D. \_\_\_\_\_ When a special responsibility constituent institution procures personal property or services under condition ~~(1)~~A. or ~~(2)~~B., above, the special responsibility constituent institution is delegated the authority to procure the property or services without approval by the Board of Governors, and the requirements of Chapter 143, Article 3 shall apply, except the approval or oversight of the Secretary of Administration, the State ~~P~~purchasing ~~O~~officer, or the Board of Awards shall not be required, regardless of dollar value.

E. \_\_\_\_\_ Special responsibility constituent institutions shall have the authority to purchase equipment, materials, supplies, and services from sources other than those certified by the Secretary of Administration on term contracts, subject to the following conditions:

~~1.~~1. \_\_\_\_\_ The purchase price, including the cost of delivery, is less than the cost under the State term contract;

~~(2)~~2. \_\_\_\_\_ The items are the same or substantially similar in quality, service, and performance as items available under State term contracts;

~~(3)~~3. \_\_\_\_\_ The cost of the purchase shall not exceed the benchmark established under G. S. 116-31.10; and

~~(4)4.~~ The special responsibility constituent institution notifies the Department of Administration of purchases consistently being made under this provision so that State term contracts may be improved.

F. All special responsibility constituent institutions are authorized to contract with service providers under arrangements that provide for the receipt of funds electronically pursuant to the provisions in G.S. 116-40.22(e).

~~EV.~~ Impact on Education. Each special responsibility constituent institution shall include in its institutional effectiveness plan those assessment measures that are determined by the Board to be measures that will assure some standard measure of student learning and development in general undergraduate education. The intent of this requirement is to measure the impact of G.S. 116–30.1 through G.S. 116–30.5, establishing and administering special responsibility constituent institutions, and their implementation on undergraduate student learning and development. The measures shall be taken from accountability reports to the Board and any other performance measures developed for this purpose by the Board.

~~FVI.~~ Reporting Requirements:

~~1.~~——Monthly Report. Each designated institution must prepare a monthly operating report for each budget code in the format of the current BD–701 report. The "Authorized Budget" included in this report, which may be changed under the direction of the ~~C~~hancellor/~~E~~xecutive ~~D~~irector, will show the institution's current expenditure plan. The current Chart of Accounts will be used for reporting purposes.

~~2.~~——[Repealed]

~~3.~~——[Repealed]

VII. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of its adoption the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

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<sup>1</sup>~~On February 13, 2004, the Board placed into policy changes to these criteria that it had adopted on 2/08/02February 8, 2002, and September 12, 2003.9/12/03.~~

## Acquisition of Property by Deed/Disposition of Property by Demolition – NCCU

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of North Carolina Central University has requested authorization to purchase seven properties located on Dupree Street and Lawson Street and to demolish the existing structures. The purchase of the seven properties completes the acquisition of property required to construct the new School of Business facilities and includes the following:

904 Dupree Street	\$ 88,000.00
906 Dupree Street	\$ 80,000.00
908 Dupree Street	\$ 92,000.00
920 Dupree Street	\$ 30,000.00 (Lot only)
812 Dupree Street	\$ 139,000.00
808 Dupree Street	\$ 30,000.00 (Lot only)
823 Lawson Street	<u>\$ 125,000.00</u>
TOTAL	\$ 584,000.00

The NCCU Board of Trustees voted to approve the acquisition of property in support of the new School of Business building at its November 14, 2018 meeting. The existing structures are single family residences and NCCU is working with the City of Durham to request rezoning. The State Property Office is working with NCCU on the acquisition of the listed properties.

### RECOMMENDATION

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

# APPENDIX 6

Form PO-1

## STATE OF NORTH CAROLINA DEPARTMENT OF ADMINISTRATION RALEIGH

### \* ACQUISITION OF REAL PROPERTY

Institution or Agency **North Carolina Central University** Date: **05/02/2019**

The Department of Administration is requested, as provided by G.S. 146-22 et seq. to acquire the real property herein described, by **Purchase & Demolish**

Name and Address of Owner:  
Various Owners (See below)

#### Description of Property:

These properties are single family homes and lots located within the foot print of our proposed School of Business. The State Property Office initiated these transactions in 2018. We would like to continue that process to purchase and demolish these structures in order to continue with rezoning and for School of business All properties currently privately owned. Negotiations in process in order to meet a May 31 consent date to rezone. Also as part of this transaction we are asking State Property to initiate the possibility of a land swap with 823 Lawson Street (Debra Lloyd) and 2106 Fayetteville Street (owned by State)

#### Last Appraisal Prices: (Feb/March 2018)

904 Dupree Street	\$88,000.00	906 Dupree Street	\$80,000.00
908 Dupree Street	\$92,000.00	920 Dupree Street	\$30,000.00 (lot)
812 Dupree Street	\$139,000.00	808 Dupree Street	\$30,000.00 (lot)
823 Lawson Street	\$125,000.00		

**Value= \$584,000.00**

Office space consisting of N/A square feet of office space, located in Durham County, North Carolina.

(Rental Price if applicable) \$ \_\_\_\_\_ annual,

Inc. Janitorial, Utilities  
\$ \_\_\_\_\_ per square foot

Funds for the acquisition of this property are available in our budget under code:

Company: \_\_\_\_\_ Account: \_\_\_\_\_ Center: \_\_\_\_\_

\_\_\_\_\_% State

\_\_\_\_\_% Federal

\_\_\_\_\_% Other (explain) \_\_\_\_\_

Approved: \_\_\_\_\_

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

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

(Fill in if Agency has a Governing Board)

Action, recommending the above request, was taken by the Governing Board of NCCU On (date) **November 14, 2018** and is recorded in the minutes thereof.

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

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

Date: **5/6/19**

**V. L. G. H. C. P. Admin. W.**  
**and Finance CTO**

\* The term "real property" includes timber rights, mineral rights, etc. (G.S. 146-64)

APPENDIX 6

NORTH CAROLINA CENTRAL UNIVERSITY  
DURHAM, N.C.



James R. Shepard, Founder

RESOLUTION  
FOR  
ACQUISITION AND DEMOLITION

**WHEREAS**, pursuant to Appendix I, Section VI of *The Code* of the Board of Governors, the Board of Trustees of North Carolina Central University has been delegated authority to approve building sites, plans and specifications, and to adopt policies applicable to the control and supervision of all property matters; and

**WHEREAS**, the North Carolina Central University Master Plan identifies real property located adjacent to the University that, if acquired, would provide the University the means to continue expanding its educational mission; and

**WHEREAS**, a portion of the properties are located in areas that have been acquired and demolished in preparation for new construction; and

**WHEREAS**, North Carolina Central University now seeks to purchase and demolish additional properties within the four identified phases (bounded Burlington Avenue, Fayetteville Street, Cox Avenue and Alston Avenue), in accordance with the rules and regulations of the State of North Carolina and in furtherance of its mission.

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of North Carolina Central University support the purchase and demolition of properties located within the North Carolina Central University Master Plan for the purpose of future expansion of North Carolina Central University.

This 14th day of November, 2018.

George R. Hamilton, Chairman  
North Carolina Central University  
Board of Trustees

Oita C. Coleman, Secretary  
North Carolina Central University  
Board of Trustees

# APPENDIX 6

RED -  
HIGH PRIORITY  
(NECESSARY):

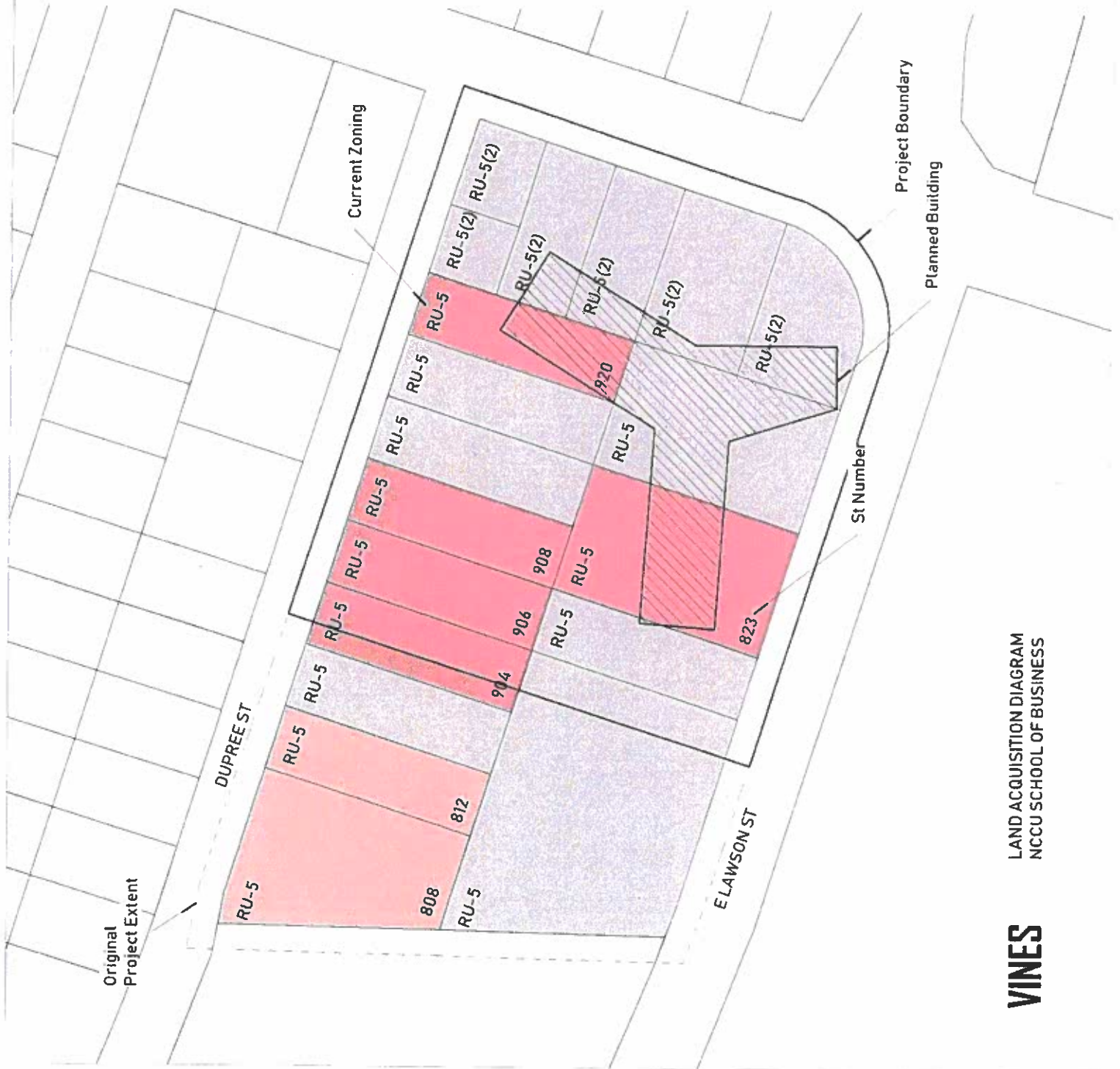
823 ELAWSON ST  
920 DUPREE ST  
908 DUPREE ST  
906 DUPREE ST  
904 DUPREE ST

ORANGE -  
NORMAL PRIORITY  
(ORIGINAL EXTENT):

812 DUPREE ST  
808 DUPREE ST

GRAY -  
NCCU OWNED

02/25/19



LAND ACQUISITION DIAGRAM  
NCCU SCHOOL OF BUSINESS

VINES

## Acquisition of Property by Lease – NC State University

### ISSUE OVERVIEW

NC State University is requesting approval of a lease for the 2019-2020 academic year to address a current shortfall in available student housing. NC State previously executed a similar lease for the 2018-2019 academic year, but the current lease ends in May 2019 and does not provide for an extension. The lease exceeds the delegated approval authority and requires approval from the Board of Governors.

The proposed lease is for three floors in a private residence hall immediately adjacent to the campus and will provide overflow residential housing for 384 students and six residential advisors. The proposed lease is for the 2019-2020 academic year at an annual rent of \$2,411,784. The current student housing rates will cover the cost of the lease. The rooms will provide comparable space at the same rates for students living on campus.

NC State is currently working on a housing study and, when the study is completed, will determine the options for a long-term solution.

### NC State University Property Acquisition – Lease

LESSOR:	University Towers Operating Partnership, LP, Memphis, Tenn.
LESSEE:	State of North Carolina, NC State University
LOCATION:	111 Friendly Drive, Raleigh, NC
LEASE AMOUNT:	\$2,411,784
DESCRIPTION:	Floors 4, 5, and 6
LEASE TERM:	10 months, August 2019 – May 2020
LEASE EXPIRATION:	May 2020

The lease of this property was approved by the NC State Board of Trustees at its meeting on February 21, 2019.

### RECOMMENDATION

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

## TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

## Form

Number: PO-1

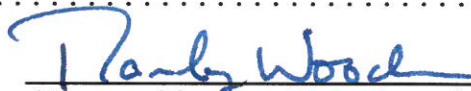
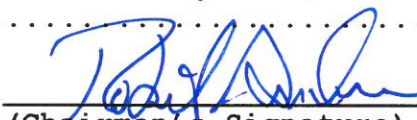

## Preparation

Date: February 21, 2019

**Request:** Acquisition by lease of 3 floors in the University Towers residence hall for the 2019-2020 academic year. The leased space will provide overflow housing for 384 students and six resident advisors.

Institution NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

  
(Chancellor's Signature)RECOMMENDED BY COMMITTEE ON  
BUILDINGS AND PROPERTY  
(Chairman's Signature)RECOMMENDED BY BOARD OF TRUSTEES,  
NCSU  
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

  
(Secretary's Signature)

**ACQUISITION  
OF REAL PROPERTY**

**ACQUISITION OF REAL PROPERTY BY LEASE**

**LESSOR** University Towers Operating Partnership, LP

**LESSEE** The State of North Carolina

**LOCATION** University Towers Residence Hall  
111 Friendly Drive, Raleigh, Wake County, NC

**SIZE** 3 Floors/384 student beds and 6 residential advisor beds

**RATE** \$2,411,784.00

**TERM** 10 months

**USE** To be used for overflow residential housing for 384 students and six (6) residential advisors for the 2019-2020 academic year.

PO-1

5-74

Original and one copy to  
State Property Office

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION  
RALEIGH**

**\*ACQUISITION OF REAL PROPERTY**

**Institution or Agency:** North Carolina State University**Date:** 2/21/2019

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

3 floors in the University Towers Residence Hall

**This Property is needed for the following reasons and purposes:**

The leased space will provide overflow residential housing for 384 students and six (6) residential advisors for the 2019-2020 academic year.

**Name and Address of Present Owner:** University Towers Operating Partnership, LP, 999 South Shady Grove, Suite 600, Memphis, Tennessee 38120, Attn: Christine Richards, Chief Operating Officer and Executive Vice President

**Description of Property:**

Floors 4, 5, & 6  
111 Friendly Drive  
Raleigh, NC

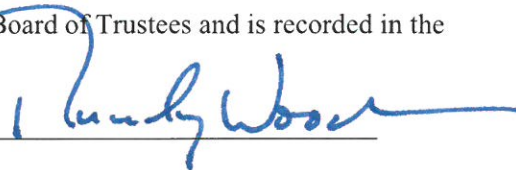
**Term:** Ten (10) months**Rental Price:** \$2,411,784.00**Funding:** Lease costs will be paid by the University Housing Department

Item \_\_\_\_\_, Other \_\_\_\_\_.

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

Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on 2-21-19, 2019.

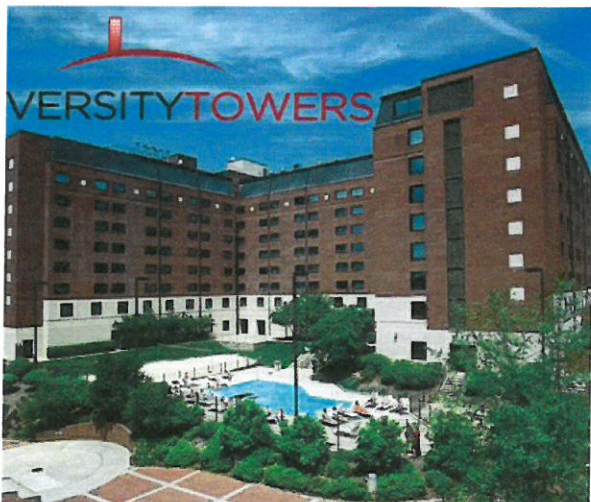
Signature



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

# APPENDIX H

DocuSign Envelope ID: 0F195274-3BE9-47CE-8BCE-AEC93ECF5261

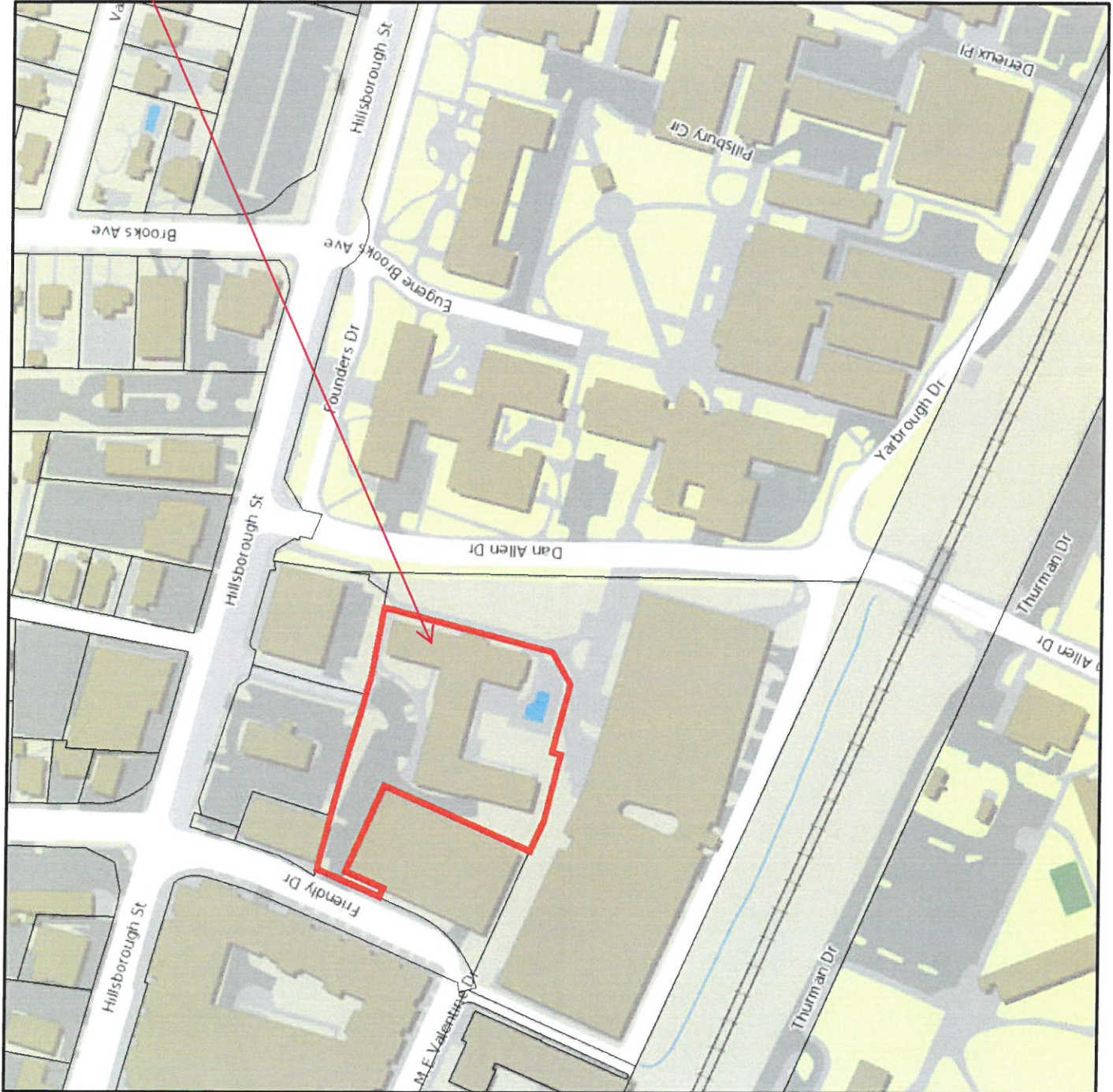


## Vicinity Map - 111 Friendly Dr.

PIN: 0794622053  
PIN Ext: 000  
Real Estate ID: 0005491  
Map Name: 0794 19  
Owner: UNIVERSITY TOWERS OPERATING PARTNERSHIP, LP  
Mail Address 1: 999 SHADY GROVE RD S STE 600  
Mail Address 2: MEMPHIS TN 38120-4130  
Mail Address 3:  
Deed Book: 015345  
Deed Page: 00459  
Deed Acres: 1.75  
Deed Date: 7/2/2013  
Building Value: \$28,871,146  
Land Value: \$3,735,270  
Total Value: \$32,606,416  
Billing Class: Business  
Description: LO1 UNIVERSITY TOWERS  
BM2011 -00896  
Heated Area: 213318  
Street Name: FRIENDLY DR  
Site Address: 111 FRIENDLY DR  
City: RALEIGH  
Planning Jurisdiction: RA  
Township: Raleigh  
Year Built: 1988  
Sale Price: \$5,789,000  
Sale Date: 1/4/2013



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## **Acquisition of Property by Deed – UNC Pembroke**

### **ISSUE OVERVIEW**

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of The University of North Carolina at Pembroke has requested authorization to purchase an eight-acre parcel that was deeded to the UNC Pembroke Foundation in December 2018. The property is contiguous to university-owned property but is not accessible from a public roadway. The purchase price is \$240,000.00 and will be paid from trust funds. The property will support future development of UNCP.

### **RECOMMENDATION**

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

APPENDIX I

Form PO-1  
Rev. 12/01  
Original and one copy to State Property Office

STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION

**\*ACQUISITION OF REAL PROPERTY**

Institution or Agency: UNC Pembroke

Date: 02/28/2019

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

This Property is needed for the following reasons and purposes: *(Attach additional pages if needed.)*

**To further the UNCP Master Plan.**

Name and Address of Present Owner: UNC Pembroke Foundation, Inc.  
Post Office Box 1510  
Pembroke, NC 28372  
PIN#: 933495459600

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

**Approximately 8-acres; parcel 14040105001 located west of Prospect Road,  
Pembroke, NC 28372**

Estimated value: \$240,000 Rental price (if applicable): \_\_\_\_\_

Funds for the acquisition of this property are available in our budget under Code: \_\_\_\_\_, Item: \_\_\_\_\_.

Other: Trust funds

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.

**No**

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

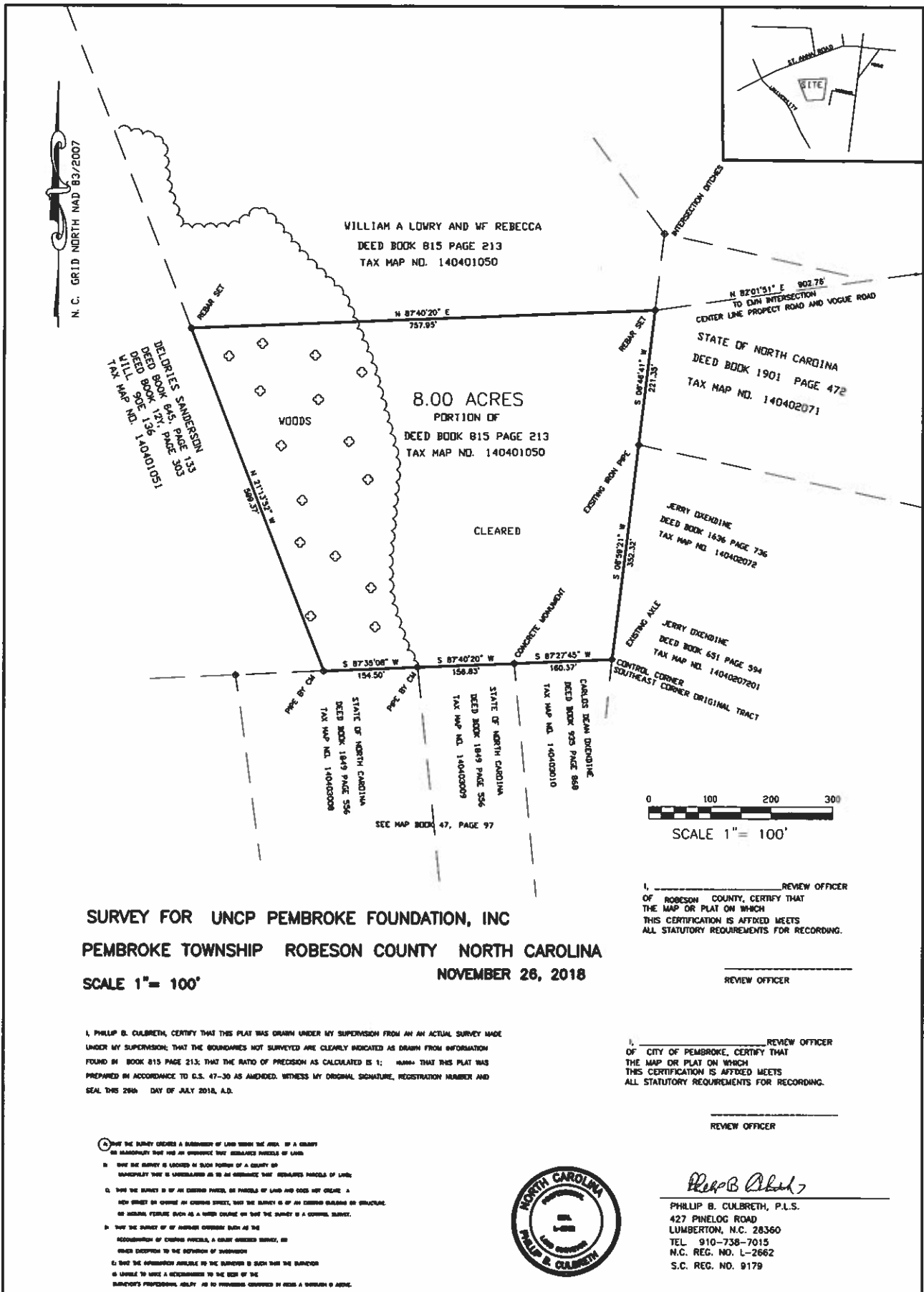
Action recommending the above request was taken by the Governing Board of UNCP and is recorded in the minutes thereof on 02/22/2019 (date).

Signature:   
Chief Executive Officer of Agency

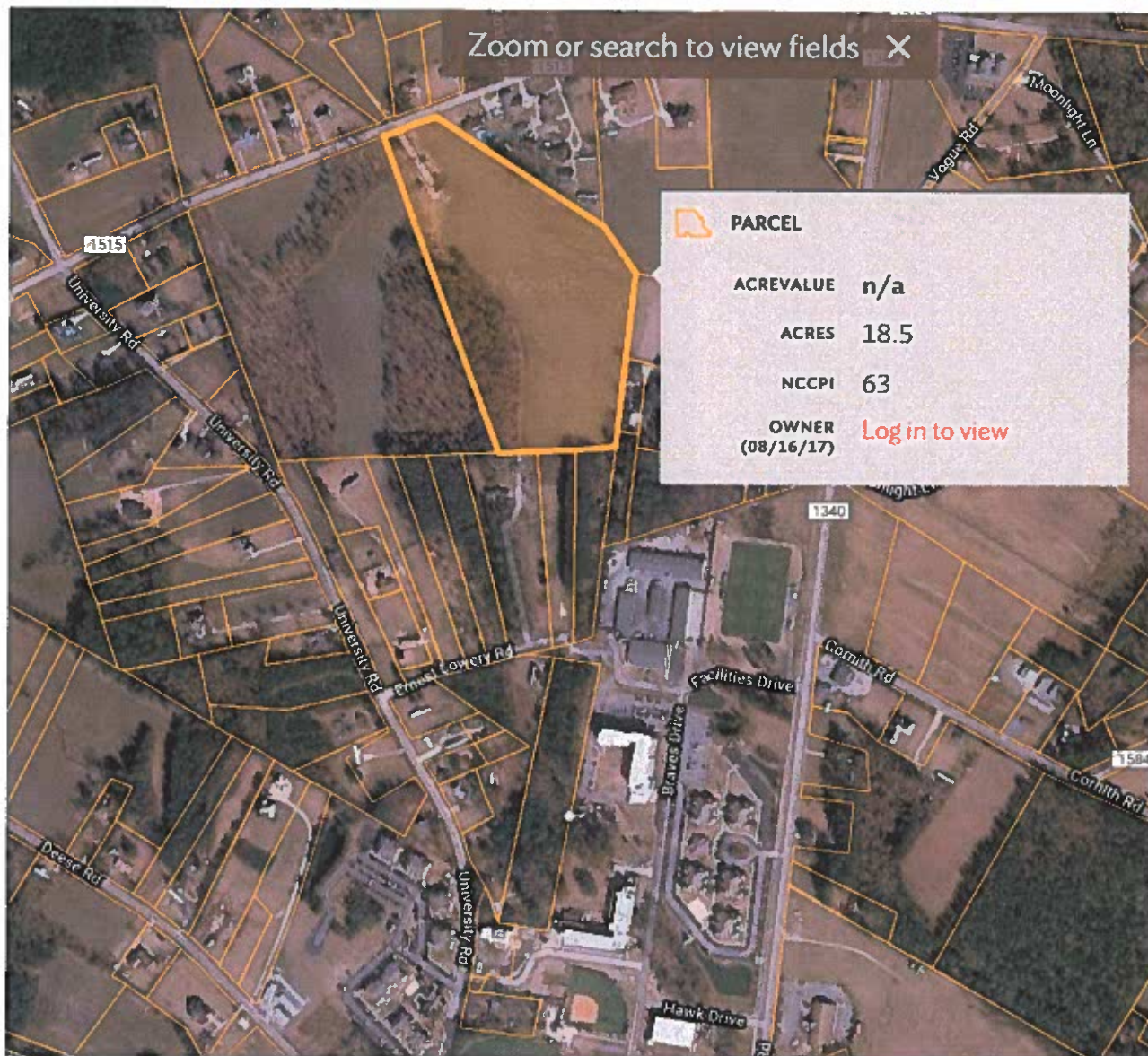
\*The term "real property" includes timber rights, mineral rights, etc. (GS §146-64)

26215  
PM

## APPENDIX I



## Zoom or search to view fields X



# 2019 Board of Trustees Appointments and Reappointments

Name

Current BOT  
Member

Notes

## Terms ending 2023

### Appalachian State University

John Blackburn	Yes	
James K. Reaves	No	
Mark Ricks	Yes	
Robert T. Sofield Jr.	No	

### Elizabeth City State University

Harold Barnes	Yes	
Kim Brown	Yes	
Anthony (Andy) Culpepper	Yes	
Christine A. Evans	No	

### Fayetteville State University

Glenn B. Adams	No	
Valencia Applewhite	No	
R. Jonathan Charleston	No	

### UNC Charlotte

Sharon Decker	Yes	
Susan DeVore	Yes	
Christine P. Katziff	No	
David Walter Mildenberg	No	

### UNC Pembroke

Patrick Corso	Yes	
Mary Ann Elliott	Yes	
Bobbi Ann Locklear Stanley	No	
Alphonzo McRae, Jr.	Yes	

## APPENDIX II

Name	Current BOT Member	Notes
------	-----------------------	-------

**Winston-Salem State University**

Coretta Bigelow	Yes	
Robert Clark	Yes	
Matthew S. Cullinan	No	Pending resignation from the North Carolina Capital Facilities Finance Agency Board of Directors
Kelvin Farmer	Yes	

**Terms ending 2021****N.C. A&T State University**

William A. Dudley	No	Serving partial term after Laura Meagher resigned from NCAT BOT on April 26, 2019
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## **Appalachian State University**

### **Mr. James K. Reaves**

James K. Reaves is a 1993 graduate of Appalachian State University's Walker College of Business with a degree in finance and risk management. He currently serves as a wealth insurance strategist for BB&T Life Insurance, the largest life insurance broker in the world. With more than 25 years of experience, Mr. Reaves holds the following certifications: 1) Certified Financial Planner; 2) Accredited Estate Planner; 3) Retirement and Income Certified Planner; and 4) Master of Science in Financial Services. Mr. Reaves has served as a community volunteer for following organizations: 1) Winston Salem Foundation (Asset Development Committee); 2) Winston Salem Estate Planning Council; 3) Greensboro Society of Financial Planning Professionals; 4) Appalachian State University Alumni Association (served as president); 5) Appalachian State University Foundation (previously served as secretary and currently serves as nominations committee chair); and 6) Yosef Advisory Board (served as president and led an initiative to connect with former athletes to raise money for student athletes). He has mentored Appalachian students for the last 8 years. Mr. Reaves has appeared as a guest speaker at university events, spoken to student athletes about career development, and established several scholarships on the institution.

### **Mr. Mark Edward Ricks**

Mark Edward Ricks is a 1989 graduate of Appalachian State University and holds a bachelor's degree in criminal justice from the institution's College of Arts and Sciences. Upon graduating from Appalachian, Mark embarked on a 28-year career in the protective service industry. He is now the owner of Double Wood Farm, an equestrian sanctuary for retired show horses, in Bluemont, VA. He was the director of global protective operations at Mars, Inc. in the Washington, DC metro area from 2005-2017. "Appalachian State University means the world to me, and I'm so pleased to be able to accelerate the progress of App State Athletics," said Mr. Ricks of his recent \$10 million gift to the institution. Mr. Ricks has run protective operations in more than 80 countries on six continents, working for a variety of clients including royal family members, celebrities, corporate executives, and private citizens. He has served as a lead training instructor in firearms, self-defense, tactical driving, and CPR/first aid. In this work, he has trained federal and local law enforcement along with a number of corporate and private security protection teams. He was responsible for developing workplace violence programs, conducting security audits, and presenting and developing security awareness training programs to a wide range of Fortune 100 clients.

### **Mr. John Michael Blackburn**

John Michael Blackburn began working with Linville Resorts, Inc. in 1983 and currently serves as president and general manager. He served a four-year term on Appalachian's board of trustees from 2005-2009 and was chair from 2008-09 before beginning his appointment to the UNC Board of Governors in 2009. Mr. Blackburn's current term on Appalachian's board of trustees began in 2015, and he currently serves as chair. Mr. Blackburn has a bachelor's degree in economics and business from King College in Tennessee and an MBA from Virginia Tech. He is the recipient of numerous awards, including the prestigious Order of the Long Leaf Pine. His volunteer work shows his dedication to rural healthcare and includes service on the boards of Sloop Memorial Hospital, Cannon Memorial Hospital, Watauga Medical Center, and the Appalachian Regional Healthcare System.

**Mr. Robert Thomas Sofield, Jr.**

Robert Thomas Sofield, Jr. attended Appalachian State University from 1971 to 1975. Mr. Sofield has extensive experience in business development, which began with a restaurant he opened in Boone, NC while attending Appalachian State University. He sold the restaurant 14 years later and founded a steel building manufacturing company, which expanded over the years into multiple companies. Mr. Sofield then began work in real estate development, a field in which he has worked for the past 25 years. Mr. Sofield also serves on various boards at Appalachian State University, including the Athletics Feasibility Committee and Board of Visitors, and in the local community as a board member of the Watauga County Economic Development Council and a member of the First Citizens Bank Board of Directors.

## **Elizabeth City State University**

### **Mr. Harold Barnes**

Harold Barnes, J.D., is the President and CEO of The Center for Quantum Leadership, a company that promotes personal accountability and leadership development. In 2016, Mr. Barnes was appointed to the Elizabeth City State University (ECSU) Board of Trustees as vice chairman and has worked to implement the board's objectives. More recently, he was chosen as chair of the chancellor search committee for ECSU. Active in a number of professional organizations, Mr. Barnes serves as chair of the Board of the Southern Christian Leadership Foundation, an organization founded by Sidney Poitier and Harry Belafonte. The foundation, in partnership with the Centers for Disease Control (CDC), provides education about healthcare disparities around the United States and in several foreign countries. Mr. Barnes is acting president of the Mosaic Development Group, a non-profit real estate development company that develops tax credit deals in support of safe, decent, and affordable housing for North Carolina residents. He is also a 15-year board member of the organization, which has provided housing to over 22,500 families. Mr. Barnes served as vice president of Barrett Haven Women's Shelter in 2017, providing housing and job training to homeless women without children in the Hampton Roads area. Mr. Barnes earned an undergraduate degree in political science from ECSU in 1977 and a Juris Doctorate from the North Carolina Central University School of Law in 1980. He served as a professor at ECSU from 1980-87, teaching courses in business and criminal justice, and currently serves as an adjunct professor at Chowan University, instructing courses in constitutional law and criminal justice. Mr. Barnes was senior partner of the law firm Barnes, Faulcon, McKenna & Kithcart (formerly Penny, Barnes and Rodgers) from 1980-2000. He has also served as the vice president of the North Carolina Branches of the NAACP.

### **Bishop Kim W. Brown**

Bishop Kim W. Brown is the senior pastor of Mount Lebanon Baptist Church, affectionately known as The Mount, which has locations in Chesapeake, VA; Yorktown, VA; Elizabeth City, NC; and Charlotte, NC. As pastor, he brings a creative and innovative vision and takes an out-of-the-box approach to ministry that appeals to all cultures and age groups. Since his tenure at The Mount began in 1990, he has watched the congregation grow from 75 to over 13,000, with evidence of continued growth. Bishop Brown received his Bachelor of Science in Engineering from Norfolk State University. His academic preparation for the ministry includes a Master of Divinity degree, received in 1991, and a Doctorate of Ministry degree, received in 1998, from the Samuel D. Proctor School of Theology at Virginia Union University. As a result of his dedication to service and leadership outside the four walls of the church, Bishop Brown has earned the respect of the community and developed close relationships with highly respected religious and political leaders both local and national. In 2004, he was appointed to the Chesapeake Regional Medical Center's Board of Authority, and in 2008 was named chair of that board. He is the author of the bestselling book *Marriage Talk*.

### **Mr. Andy Culpepper**

Andy Culpepper is the Managing Director – Investments for the Culpepper Family Wealth Management Group of Wells Fargo Advisors located in Greenville, North Carolina. As a Certified Private Wealth Advisor (CPWA), he works closely with his clients to build, manage, protect, and transition their wealth. Mr. Culpepper's approach has earned numerous accolades over the course of his career as a financial advisor. Mr. Culpepper began his career with BB&T after graduating from the University of North Carolina at Chapel Hill with a BS in Mathematics, and he has since accumulated 30 years of experience in the industry. Following his departure from BB&T, Mr. Culpepper joined Carolina Securities Corporation and later moved his financial practice to Wells Fargo Advisors in 1988. Mr. Culpepper has been recognized throughout his

career for his commitment to excellence in both professional and community work. At an annual Wells Fargo Advisors conference, Mr. Culpepper was awarded the coveted Sprit Award, which recognizes the personal and professional lifetime achievements of Premier Advisors and honors their commitment to Wells Fargo values. Mr. Culpepper is also a member of the firm's Premier Advisors President's Council and was named to Barron's Top 1000 Financial Advisors list seven consecutive times from 2006-2012.

**Ms. Christine Evans**

Christine Evans currently works as the director of State Legislative & Regulatory Affairs at Blue Cross and Blue Shield of North Carolina. She has practiced law in several positions throughout her career, including as the general counsel to the Senate majority leader from 2001 to 2005, and served as the director of Network Operations and Strategic Planning for the North Carolina State Health Plan. When Ms. Evans is not practicing law, she is teaching it; her experience includes a stint as a Senior Lecturing Fellow at Duke University School of Law. Earlier in her career, Ms. Evans worked as a high school teacher in Wake County, NC and in the Bronx, NY. Ms. Evans currently serves on the Board of Directors at InterAct, a non-profit in Wake County, NC, that is dedicated to ending the cycle of domestic and sexual violence.

## **Fayetteville State University**

### **Mr. Glenn B. Adams**

Glenn B. Adams currently works as a senior partner at Adams, Burge & Boughman, P.L.L.C and as the Director of Recruitment and Placement at the North Carolina Central University School of Law. Mr. Adams is involved in his community as a member of the Cumberland County Board of Commissioners, as treasurer of his church, and as a leader in several youth mentorship programs. His previous board experience includes membership on the NCCU Board of Trustees from 2003 to 2011, including a stint as chair from 2009 to 2011.

### **Ms. Valencia Applewhite**

Valencia Applewhite is an involved advocate for her community and its youth. Ms. Applewhite currently works for Democracy North Carolina as the Southeastern North Carolina regional manager. In this capacity she informs citizens on social and political issues that affect their voting rights and quality of life. From 2007 to 2013, Ms. Applewhite was the city council representative for District 7 in Fayetteville, North Carolina. She also has 25 years of experience in the United States Air Force and has spent time in military operations and program management at base level, major commands, and the Pentagon.

### **Mr. R. Jonathan Charleston**

R. Jonathan Charleston has a strong record of success in his professional areas of practice and a longstanding commitment to community service. Mr. Charleston serves as counsel for The Charleston Group, working with a roster of high-profile individuals, companies, government agencies, and national service organizations. His past civic activities include service as director of the Cumberland County Business Council, director of the Fayetteville Technical Community College Foundation, and trustee of Benedict College from 2010 to 2014. Mr. Charleston previously served on the Fayetteville State University Board of Trustees from 1998 to 2002.

## **University of North Carolina at Charlotte**

### **Mr. David Walter Mildenberg**

David Mildenberg is a 1992 graduate of UNC Charlotte's MBA program and a 1981 graduate of Northwestern University, where he earned a bachelor's degree. He works in Charlotte as the editor of *Business North Carolina* magazine, a position he has held since 2014. He previously worked in Atlanta, Austin, Greensboro, and Raleigh for various media organizations, including Bloomberg News and American City Business Journals. Mr. Mildenberg and his wife, Janet, have one grown son. The UNC Charlotte MBA program helped Mr. Mildenberg understand key business practices and terminology, preparing him for a career in journalism. He equates this career with public service, given the important role journalists play in explaining high impact events and spotlighting important issues. Mr. Mildenberg's studies at UNC Charlotte also developed his ability to assess complex and sometimes controversial business issues in a concise, unbiased manner. Mr. Mildenberg taught introductory journalism courses at UNC Charlotte as a part-time instructor in the mid-1980s, and he has continued to supervise undergraduate students engaged in internships. Over the years, he has relied on various UNC Charlotte administrators, faculty and staff members for information, guidance and friendship.

### **Ms. Christine P. Katziff**

Christine P. Katziff serves on the Board of Advisors for the Belk College of Business at UNC Charlotte. She is the corporate general auditor of Bank of America and a member of the company's executive management team; she also reports to the Audit Committee of the Board of Directors. She leads a global team responsible for providing independent assessments of the company's business strategies, operations, risk framework, financial management, and credit standards. Since joining Bank of America in 2004, Ms. Katziff has held several leadership positions in Corporate Audit, supporting nearly all of the major business segments that are components of the institution. Before joining Bank of America, she held a number of management positions in Audit and Compliance at FleetBoston Financial and with KPMG's Management Advisory Services. Ms. Katziff is now the executive vice chair of Bank of America's Global Diversity and Inclusion Council and is a strong supporter of developing female leaders in financial services. She currently serves as the executive sponsor for Bank of America's Investing in Women Leadership Council, which comprises company executives who serve as advisors and champions of the company's efforts to support the advancement of women. The council utilizes Bank of America's lines of business, diversity and inclusion organization, and employee networks to maximize impact. Mr. Katziff also participates in the Catalyst, Inc. "Women On Board" program, which promotes the appointment of women to corporate boards. Ms. Katziff serves on the board of directors and the finance committee of the Central Piedmont Community College Foundation. She is active elsewhere in the Charlotte community as chair of the Go Red campaign for the American Heart Association, member of the Wake Forest University Charlotte Executive Board, and member of the board of directors for TreesCharlotte and the annual Charlotte St. Jude Evening of Hope Committee. Ms. Katziff is a graduate of Bryant University.

### **Mrs. Sharon A. Decker**

Sharon Decker is chief operating officer of Tryon International Equestrian Center in Rutherfordton, NC. The world-class facility, located within Tryon Resort, is an equestrian lifestyle destination that hosts international equestrian competitions across numerous classes. It recently hosted the World Equestrian Games in September of 2018, bringing more than 200,000 to North Carolina. Mrs. Decker was born and raised in small towns near Charlotte, NC. After graduating summa cum laude from The University of North Carolina at Greensboro, Mrs. Decker spent more than 17 years working at Duke Power Company (now Duke Energy). She began her time at the company in consumer services and moved rapidly through the

ranks to become the youngest and first female vice president in Duke Power Company's history. Her work at Duke Power Company led to the creation of its 24-hour customer service center, an organization that still serves as a model for the industry. Mrs. Decker left the position of chief communications officer at Duke Power Company to become the founding president of The Lynnwood Foundation, which was created to restore the Duke Mansion in Charlotte as a conference center, and to begin the William States Lee Leadership Institute. In 1998, while working at Lynnwood, she also served as chair of the Charlotte Chamber of Commerce and was named Charlotte Woman of the Year. She moved to Rutherfordton, NC in 1999 to serve as president of the Doncaster division of Tanner Companies. Mrs. Decker created The Tapestry Group in 2004, an organization focused on encouraging individuals to grow spiritually deeper and physically, mentally, and emotionally healthier. In 2013, Decker was appointed Secretary of Commerce by Governor Pat McCrory and served in that capacity for two years. During that time, she led the creation of The Economic Development Partnership of North Carolina, a public-private entity charged with marketing North Carolina on the global stage. In addition, she led the effort to form a new Rural Division of the Department of Commerce, a team focused exclusively on creating economic growth in rural areas of the state. In 2015, Decker was named president of NURAY Media, a media preservation company whose mission is to protect vintage film and video content by providing preservation services to clients, restoring classic motion picture films and television collections for the public, and creating educational content to advance the knowledge of film history. Mrs. Decker currently serves on the board of Coca-Cola Consolidated. She has served on the UNC Charlotte Board of Trustees since 2015.

#### **Ms. Susan DeVore**

Susan DeVore is president and CEO of Premier, Inc., one of the nation's leading healthcare improvement companies. By uniting an alliance of approximately 3,600 U.S. community hospitals and 120,000 other providers to transform healthcare, Premier enables better care and outcomes at a lower cost. Ms. DeVore is an industry-leading thinker who was named to Modern Healthcare's Top 100 Most Influential People in Healthcare and Top 25 Women in Healthcare lists. She is the recipient of the 2015 Charlotte Business Woman of the Year. Ms. DeVore serves as chairman of the board of trustees of the Healthcare Leadership Council; board member of the Coalition to Protect America's Healthcare; and board member, finance committee member, and audit committee chair of the Medicare Rights Center. She also serves as a member of the Institute of Medicine's Roundtable on Value & Science-Driven Healthcare and the Charlotte Chamber executive committee. Under Ms. DeVore's leadership, Premier has built an industry-leading code of ethics, been named eight times as one of the World's Most Ethical Companies by Ethisphere, won the Malcolm Baldrige National Quality Award, been named four times to InformationWeek's list of the top 500 technology innovators in the nation, and won IBM's CTO innovation award for advanced analytics in healthcare. Ms. DeVore has served on the Board of Trustees since 2015. She was elected Secretary in July 2018.

## **University of North Carolina Pembroke**

### **Dr. Bobbi Locklear Stanley**

Dr. Stanley is a native of the Saddletree community in Lumberton, North Carolina. She is a 1988 graduate of the University of North Carolina at Pembroke and a 1993 graduate of the University of North Carolina at Chapel Hill School of Dentistry. She is the owner and principle dentist of one of the largest comprehensive dental practices in North Carolina. Stanley is also an adjunct professor in the Department of Prosthodontics at UNC-Chapel Hill School of Dentistry, as well as a co-founder and senior instructor at Stanley Institute for Comprehensive Dentistry in Cary, North Carolina. Stanley is accredited in many of the major dental organizations. Stanley is passionate about dentistry and teaching; however, her greatest passion is giving back to the next generation. This passion shows clearly through her service of mentoring high school and college students in her office and at the universities over the years.

### **Mr. Alphonzo McRae Jr.**

Appointed by the Board to the UNC Pembroke Board of Trustees in 2015, Alphonzo McRae, is a resident of Proctorville, NC. Currently, he is vice president for institutional services at Robeson Community College in Lumberton, NC, where he oversees multiple departments, including campus security and parking services, and health, safety and compliance. McRae graduated from UNCP with a bachelor's degree in physical education and a minor in biology. He earned his master's in counselor education from East Carolina University while working as a summer coordinator for the Upward Bound Program at UNCP. He then went on to work for over 20 years in various roles with the public schools of Robeson County. McRae maintains strong ties to the community through various athletic and civic ventures. He currently serves on the Southeastern Regional Medical Center Board of Trustees and as an official with the Southeastern Athletic Officials Association. McRae was inducted into the Pembroke State Athletic Hall of Fame in 1981 as a member of the men's basketball team. Most recently, he was named an honorary co-chair of UNC Pembroke's 125th Anniversary Committee in 2012.

### **Ms. Mary Ann Elliott**

Mary Ann Elliott, a native of Lumberton, N.C., has established herself as one of the experts in satellite communications supporting the military and intelligence community. Elliott began her corporate career as the first female in terrestrial wireless communications with Motorola. In 1991, she founded Arrowhead Global Solutions, Inc. as a small business that grew to see revenues of \$11 million in its first decade. The company provides various telecommunication and information technology services throughout the federal government, contracting with the U.S. military, Department of Homeland Security, and the intelligence community. She has been recognized in various publications and received numerous distinctions, including *Fortune Magazine* (Successful Entrepreneur -June 2001) and *People Magazine* (Fascinating People -June 2001). In 2009, she received an Honorary Doctorate of Humane Letters from UNCP during the spring commencement. Elliott has established two endowed scholarships at UNC Pembroke: the Mary Ann Elliott Endowed Scholarship, which supports students majoring in engineering or a telecommunications related field; and, in memory of Elliott's mother, the Mary McKenzie Edwards Endowed Scholarship, which assists students in UNCP's School of Nursing. In addition, Elliott and her family founded The Morningstar Foundation, which provides financial support through grants to various children's, animal welfare, and environmental causes.

**Mr. Patrick Corso**

Pat Corso is a native of Indiana who moved to North Carolina in 1986 to assume the role of president of Pinehurst Resort, a position he held for 17 years. He is currently the executive director of Moore County Partners in Progress, a public/private partnership for economic development, and co-owner of a restaurant franchise. He chaired the North Carolina Travel & Tourism Board, the NC Travel & Tourism Coalition, and the Resort Committee of the American Hotel & Lodging Association. In addition, he has served on state Chamber of Commerce Boards in North Carolina and New Hampshire, the NC Economic Development Board, and the founding board of the Economic Development partnership of North Carolina. He is past chair of the Given Library and Tufts Archives and currently serves as chair of the Boys & Girls Club of the Sandhills, a member of the Regional Work Force Development Board, and a member of the Moore County Airport Authority. He is currently vice chair of the UNCP Board of Trustees and has chaired the Audit & Ethics and Public Affairs & Advancement Committees, and has served on the Educational Planning & Personnel and Student Life & Athletics Committees. Corso has received numerous awards, including being named by Appalachian State University as one of the 40 North Carolina Tourism leaders of the 20th century and Distinguished Citizen of the Year by the Boy Scouts of America.

### **Winston-Salem State University**

#### **Mrs. Coretta Bigelow**

Coretta Bigelow was elected to the Winston-Salem State University (WSSU) Board of Trustees in 2015. Her professional work has been in the area of finance, with her current position being senior vice president at NewBridge Bank in Lexington, NC. Bigelow is an alumnus of WSSU with a Bachelor of Arts in 1979. Beyond her work on the board, she is a member of WSSU's Board of Visitors, a Board of Director at Habitat for Humanity at Lexington, and sits in the Citizen Budget Advisory Committee of the City of Winston-Salem.

#### **Mr. Kelvin Farmer**

Kelvin Farmer was elected to the Winston-Salem State University (WSSU) Board of Trustees in 2015. His experience is in the area of business, with his current position being president and CEO of KE Farmer Enterprises, Inc. in Fayetteville, North Carolina. Farmer graduated from WSSU with a Bachelor of Science and from Campbell University with a Bachelor of Arts. Beyond his work on the board, he is involved in WSSU's Alumni Association as Treasurer, United Way Corporate as Chairperson, and is a member of the Advisory Committee to the NC State Museum of Natural Sciences & Resources.

## **Winston-Salem State University**

### **Mrs. Coretta Bigelow**

Coretta Bigelow was elected to the Winston-Salem State University (WSSU) Board of Trustees in 2015. Her professional work has focused on finance and she currently works as senior vice president of NewBridge Bank in Lexington, NC. Mrs. Bigelow is an alumnus of WSSU, where she earned a Bachelor of Arts in 1979. Beyond her work on the board, she is a member of WSSU's Board of Visitors, the Board of Directors for Habitat for Humanity of Lexington, and the Citizen Budget Advisory Committee of the City of Winston-Salem.

### **Mr. Robert Clark**

Robert Clark was elected to the Winston-Salem State University (WSSU) Board of Trustees in 2015. He is currently the president and owner of Leeson Corporation in Burlington, North Carolina. Mr. Clark acquired his Bachelor of Arts degree from the University of the South, in Tennessee, and his Master of Business Administration from the University of Pennsylvania's Wharton School of Business. Outside of his business experience, he has been involved in several other boards and organizations including the NewsBridge Bank Board of Directors, Winston-Salem City Council, Winston-Salem Rotary Club, Winston-Salem Chamber of Commerce, Better Business Bureau Board of Directors, and the City of Winston-Salem Crimestoppers.

### **Dr. Matthew Cullinan**

Matt Cullinan was previously the vice president of Baker and Associates LLC, an executive search firm working in higher education. He also worked at Wake Forest University in a variety of roles including senior lecturer, vice president for strategic initiatives, and vice president for administration. Mr. Cullinan earned a Bachelor of Arts in History and Government from the University of Notre Dame, a Master of Arts in Public Policy from Duke University, and a Doctorate in History from the University of Notre Dame. He serves on the board of visitors for the Sanford School of Public Policy at Duke University and is president of the Summit School Board of Trustees.

### **Mr. Kelvin Farmer**

Kelvin Farmer was elected to the Winston-Salem State University (WSSU) Board of Trustees in 2015. Mr. Farmer currently holds the position of president and CEO of KE Farmer Enterprises, Inc. in Fayetteville, NC. He graduated from WSSU with a Bachelor of Science and from Campbell University with a Bachelor of Arts. Beyond his work on the board, he is involved in WSSU's Alumni Association as Treasurer, United Way Corporate as Chairperson, and the Advisory Committee to the NC State Museum of Natural Sciences & Resources as a member.

**North Carolina A&T State University**

**Mr. William A. Dudley**

William Dudley began his professional career as assistant to the president of Lenoir Community College in Kinston, NC. After a two-year stint in the Office of State Personnel in Raleigh, he was named an administrative staff aide in the Governor's Office of Minority Affairs. From 1981 to 1993, Mr. Dudley was executive director of the Inmate Grievance Resolution Board for the Department of Correction. In 1993, he became assistant secretary of the Department of Crime Control and Public Safety; he became chief deputy secretary in 1996. He currently chairs the North Carolina Boxing Advisory Commission and is a management trainer with his company, Dudley Solutions LLC. Mr. Dudley was born and raised near La Grange, NC. He received his Bachelor of Science degree from North Carolina A&T State University in 1972, where he served as vice president of the senior class and a member of Phi Beta Sigma Fraternity, Inc. He earned his law degree from the North Carolina Central University School of Law in 1976. He maintains a limited law practice and is a member of several professional associations. Mr. Dudley served as a member of the N.C. A&T Board of Trustees from 2013-2017 and currently serves as a member of the N.C. A&T Alumni Association.

## **Amendment to Millennial Campus Designation – Western Carolina University**

### **ISSUE OVERVIEW**

The Board of Governors previously approved the Millennial Campus designation at Western Carolina University and is required to approve any modification to the original campus designation.

The WCU Board of Trustees is requesting a modification to the Millennial Campus designation to include a new location for the communications tower and to remove the previously proposed location. The previous location was located at the Brown Mountain/Reservoir Ridge, adjacent to the water storage area for the campus. Further investigation with the local communications provider indicated that the proposed location would not provide adequate signal strength or coverage. A new site, south of Parking Lot 73, was identified, and the communications provider has indicated that the site will be adequate. The new site is 1.36 acres and will replace the previously proposed site of 1.34 acres.

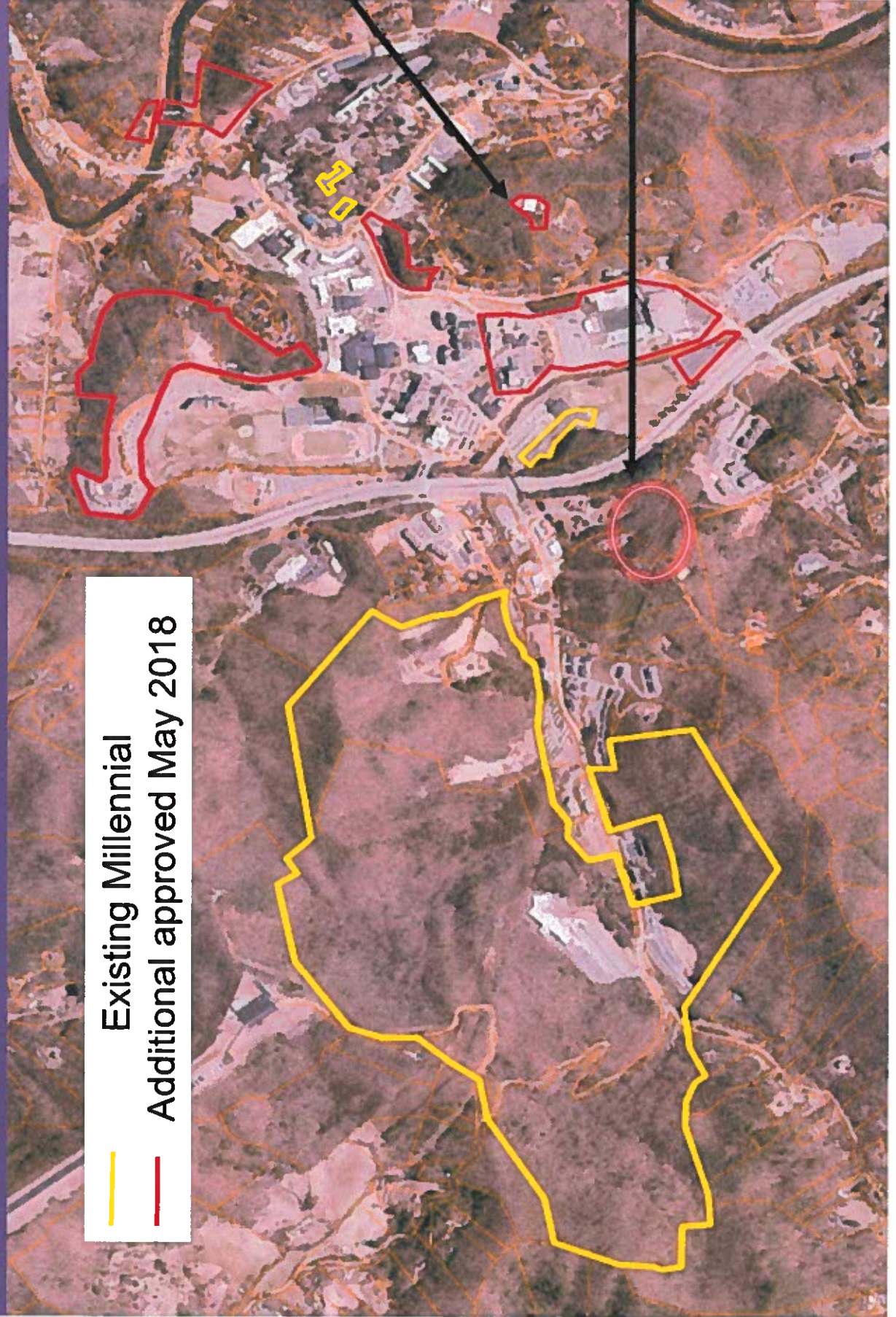
### **RECOMMENDATION**

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

# Overall Plan

(Less Cullowhee Mountain Site)

Western  
Carolina  
UNIVERSITY



# Approved Millennial Property – May 2018 (Brown Mountain/Reservoir Ridge)



Planned Millennial  
Initiative:

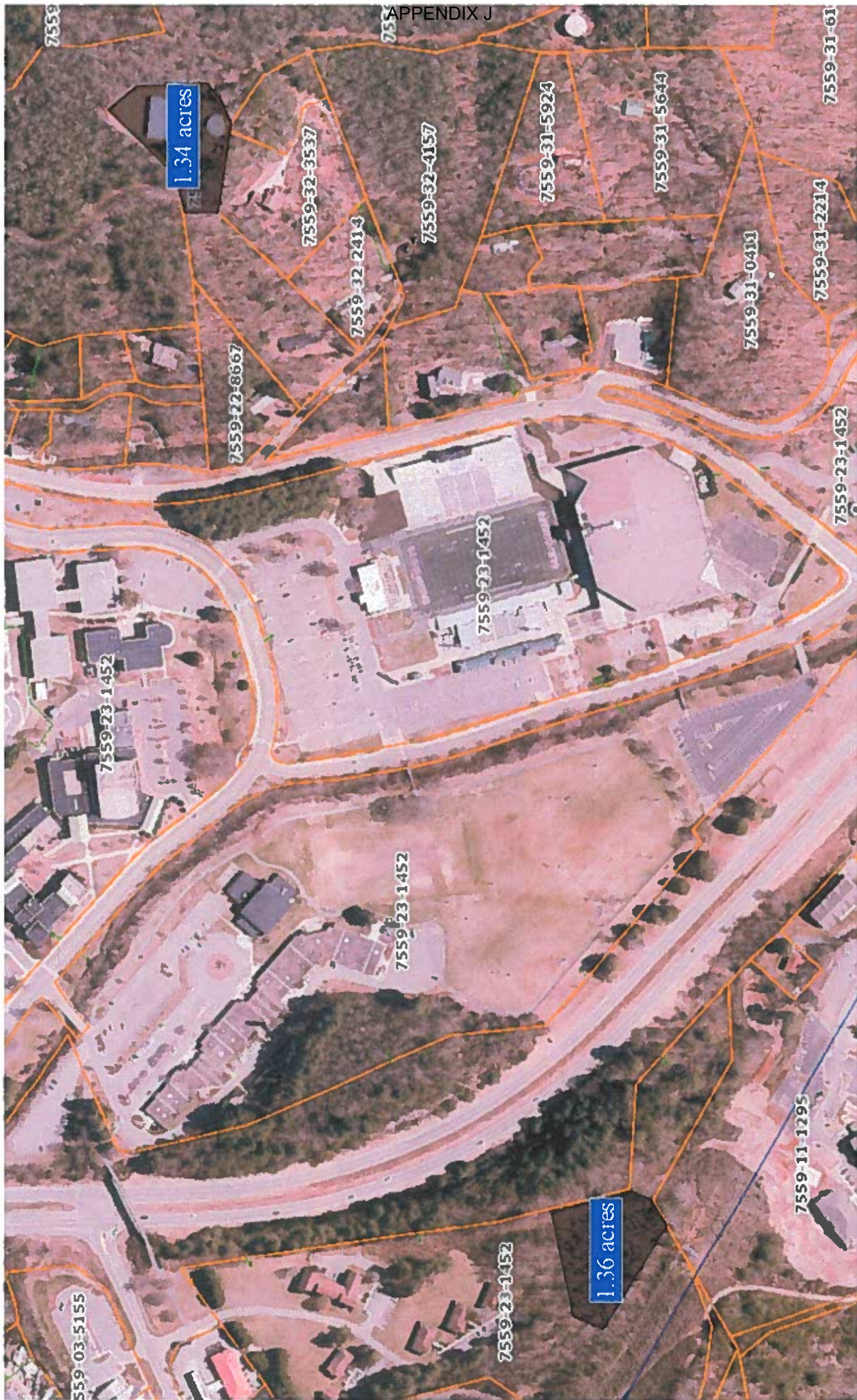
**Originally planned for  
Communications Tower  
location**

# Proposed Millennial Property – March 2019 (South of Parking Lot 73)



Planned Millennial  
Initiative:

**Communications Tower**



## **Authorization of Replacement Lines of Credit – UNC-Chapel Hill**

### **ISSUE OVERVIEW**

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

The Board previously issued (1) University of North Carolina at Chapel Hill General Revenue Bond, Series 2002A to establish a \$350,000,000 commercial paper program (“Commercial Paper Program”) to provide interim financing for certain projects for UNC-Chapel Hill and NC State previously approved by the Board and the General Assembly, and (2) various other series of special obligation variable rate bonds to finance certain projects at UNC-Chapel Hill (“Variable Rate Demand Bonds”).

To support the Commercial Paper Program and the Variable Rate Demand Bonds, UNC-Chapel Hill currently maintains four lines of credit with combined availability up to \$400,000,000 (collectively, the “Lines of Credit”). The institution maintains the Lines of Credit to provide liquidity in the event that it is required to purchase any Commercial Paper or Variable Rate Demand Bonds that cannot be resold or remarketed on a timely basis. As of April 1, 2019, the outstanding balance under the Commercial Paper Program was \$50,000,000, and the outstanding balance of the Variable Rate Demand Bonds supported by the lines of credit was \$279,960,000.

UNC-Chapel Hill currently maintains one of its lines of credit with Royal Bank of Canada in an amount up to \$100,000,000 (the “RBC Line”), which will expire in September of 2019. UNC-Chapel Hill has undertaken a competitive bid process to solicit proposals to renew or replace the RBC Line.

UNC-Chapel Hill requests authority from the Board to enter into a line of credit agreement with TD Bank, N.A. in an amount up to \$100,000,000 to replace the RBC Line.

UNC-Chapel Hill is currently rated Aaa with a stable outlook by Moody’s Investors Service, AAA with a stable outlook by Standard & Poor’s Global Ratings, and AAA with a stable outlook by Fitch Ratings. The transaction is expected to have no impact on UNC-Chapel Hill’s credit ratings.

Parker Poe is bond counsel, and Prager & Co. is the financial advisor.

### **RECOMMENDATION**

It is recommended that the president of the University, or his designee, be authorized to execute and deliver the replacement line of credit agreements and any related documentation through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM  
AUTHORIZING LINE OF CREDIT AGREEMENT IN CONNECTION WITH THE VARIABLE RATE OBLIGATIONS  
ISSUED ON BEHALF OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL AND NORTH CAROLINA  
STATE UNIVERSITY AT RALEIGH**

*WHEREAS*, the Board of Governors (the “*Board*”) of the University of North Carolina System (the “*UNC System*”) is authorized by Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (the “*Act*”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project within the meaning of the Act; and

*WHEREAS*, the Board has previously issued and may issue additional variable rate special obligation bonds (the “*Variable Rate Demand Bonds*”) on behalf of the University of North Carolina at Chapel Hill (“*UNC-Chapel Hill*”) and commercial paper special obligation bonds (the “*Commercial Paper Bonds*”) on behalf of UNC-Chapel Hill and North Carolina State University at Raleigh; and

*WHEREAS*, the Variable Rate Demand Bonds and the Commercial Paper Bonds, if they are unable to be remarketed or placed, are subject to purchase by UNC-Chapel Hill, on behalf of the Board, before their final maturity date;

*WHEREAS*, in order to provide liquidity to be able to provide sufficient funds to purchase, if necessary, the Variable Rate Demand Bonds and the Commercial Paper Bonds, together with other funds available to UNC-Chapel Hill, UNC-Chapel Hill has currently in place line of credit agreements in the aggregate amount of \$400,000,000 with Royal Bank of Canada, TD Bank, N.A., Branch Banking and Trust Company and Bank of America, N.A.;

*WHEREAS*, the current line of credit agreement with Royal Bank of Canada in the amount of up to \$100,000,000 will expire in September 2019 and, after a request for proposal process, UNC-Chapel Hill is recommending that it be replaced with an additional line of credit from TD Bank, N.A. in the amount of up to \$100,000,000;

*WHEREAS*, the form of the line of credit agreement (the “*New Liquidity Agreement*”) will be in similar form as the existing agreement with TD Bank, N.A. previously approved by the Board;

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

*Section 1.* That the New Liquidity Agreement with TD Bank, N.A. be and the same hereby are in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary of the Board and the Secretary of the UNC System, and anyone serving as such in an interim capacity, and their respective designees (the “*Authorized Officers*”), individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the New Liquidity Agreement for and on behalf of the Board, including necessary counterparts.

*Section 2.* The Authorized Officers and the Vice chancellor for Finance and Operations of UNC-Chapel Hill, individually or collectively, are each hereby authorized, empowered and directed (a) to do all

## APPENDIX K

such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the New Liquidity Agreement as executed, and (b) to do all such acts and things to carry out and comply with the provisions of this resolution, including the on-going administration of the New Liquidity Agreement.

*Section 3.* The Authorized Officers, individually and collectively, are each hereby authorized, empowered and directed, in their discretion and on consultation with officers of UNC-Chapel Hill and North Carolina State University, to execute future extensions and modifications of the New Liquidity Agreement that they deem to be in the best interest of UNC-Chapel Hill and North Carolina State University.

*Section 4.* This resolution is effective immediately on the date of its adoption.

*PASSED, ADOPTED, AND APPROVED* this 22nd day of May, 2019.

APPENDIX K

STATE OF NORTH CAROLINA

)

)

COUNTY OF ORANGE

)

SS:

SECRETARY'S CERTIFICATE  
OF AUTHENTICATION

I, Meredith McCullen Steadman, Acting Secretary of the University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its regular meeting on May 22, 2019, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on May 22, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on May 22, 2019 at which time the foregoing Resolution was adopted.

**WITNESS**, my hand and the seal of the University of North Carolina this \_\_\_\_ day of \_\_\_\_\_, 2019.  
[SEAL]

\_\_\_\_\_  
Meredith McCullen Steadman, Acting Secretary of the  
University of North Carolina

## **Approval of Amendment to Use Agreement for Existing Housing Project; Management Agreement for New Housing Project – UNC Pembroke**

### **ISSUE OVERVIEW**

The University of North Carolina at Pembroke (UNC Pembroke) requests that the Board authorize (1) an amendment to a use agreement for the rental of University Courtyard Apartments (Courtyard Phase I), adjacent to the campus of UNC Pembroke, and (2) a management agreement for a four-building addition to the Existing Project (Courtyard Phase II).

Courtyard Phase I was constructed in 2001 through a university-related nonprofit entity. The UNC Pembroke University Foundation, LLC (Company), a nonprofit entity created for the benefit of UNC Pembroke, financed the construction of Courtyard Phase I with proceeds of bonds issued on the Company's behalf through the North Carolina Capital Facilities Financing Agency in 2001 (2001 Bonds). In 2012, the State entered into a five-year acquisition lease agreement under which UNC Pembroke leases Courtyard Phase I from the Company in exchange for lease payments that support Courtyard Phase I's operations and pays associated debt service. The lease agreement term extends through 2036. In 2017, the Board approved a use agreement to bring the terms and conditions of the financing structure in line with other housing foundation financings across the UNC System.

The Company entered into a loan with PNC Bank, National Association in March 2019 (PNC Loan) and used the proceeds of the loan to (1) refinance the 2001A Bonds and (2) pay the costs of constructing four buildings containing 196 beds to house UNC Pembroke students in an apartment-style setting. The Company expects to refinance the PNC Loan with bonds issued by the Public Finance Authority in May 2019 on a tax-exempt basis. The bonds will be placed directly with PNC Bank, National Association, which the Company selected through a competitive process.

UNC Pembroke's obligations under the existing master lease for Courtyard Phase I will not change, and the proposed amendment to the use agreement will not materially alter UNC Pembroke's obligations with respect to the management and operation of Courtyard Phase I. Under the management agreement for Courtyard Phase II, UNC Pembroke will agree to manage and operate Courtyard Phase II on the Company's behalf, all in accordance with UNC Pembroke's residential life programs, policies, and procedures. The financing for Courtyard Phase II will be nonrecourse to UNC Pembroke.

First Tryon Advisors is the financial advisor for this transaction and Parker Poe Adams & Bernstein LLP serves as bond counsel.

### **RECOMMENDATION**

It is recommended that UNC Pembroke be authorized to enter into the amendment to the use agreement and the management agreement as set out in the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM AUTHORIZING CERTAIN DOCUMENTS FOR  
THE UNIVERSITY OF NORTH CAROLINA AT PEMBROKE  
COURTYARD HOUSING PROJECT**

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

WHEREAS, the North Carolina Capital Facilities Finance Agency issued its Student Housing Revenue Bonds (UNCP University Foundation, LLC Project), Series 2001A (the “2001 Bonds”) and loaned the proceeds of the 2001 Bonds to The UNCP University Foundation, LLC (the “Company”) to finance the construction of the project known as University Courtyard Apartments (the “2001 Project”), and the Board has previously authorized the University of North Carolina at Pembroke (“UNC Pembroke”) to enter into a master lease of the 2001 Project dated August 24, 2012, as amended and restated as of June 21, 2017 and a use agreement dated as of June 21, 2017 (the “Use Agreement”) with respect thereto;

WHEREAS, the Company has redeemed the 2001 Bonds in full and has commenced financing the construction a new student housing facility consisting of 196 beds located adjacent to the 2001 Project (the “2019 Project”) with proceeds from a loan agreement in an amount of up to \$12,000,000 (the “Taxable Loan”) between PNC Bank, National Association (the “Bank”) and the Company;

WHEREAS, the Company has determined to refund the Taxable Loan of the Company and finance additional improvements for the 2019 Project and, in connection therewith, conforming changes are required in the Use Agreement as set forth in an Amended Use Agreement to be dated on or about May 1, 2019 (the “Amended Use Agreement”);

WHEREAS, in conjunction with the 2019 Project, UNC Pembroke desires to use the expertise of its Residential Life Office for the purpose of managing the 2019 Project in accordance with its residential life programs, policies, and procedures under the terms and conditions of a Management Agreement between UNC Pembroke and the Company to be dated on or about May 1, 2019 (the “Management Agreement”); and

WHEREAS, there is now on file with the Secretary the form of the Management Agreement and the Amended Use Agreement (collectively, the “UNCP Documents”), which the Board proposes to authorize UNC Pembroke to approve, execute and deliver, as applicable;

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

Section 1. Authorization of UNCP Documents. The form and content of the UNCP Documents are hereby in all respects authorized to be approved, executed and delivered by UNC Pembroke, and the Chancellor or Vice Chancellor for Finance and Administration of UNC Pembroke and they hereby are authorized, empowered and directed to execute, approve and deliver the UNCP Documents and any exhibits thereto, including necessary counterparts, in substantially the form and content presented to the Board, and to execute and deliver any agreements, certificates, instruments and documents required to be executed and delivered in connection with the delivery of the UNCP Documents, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their

## APPENDIX L

execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the UNCP Documents and any agreements, certificates, instruments and documents required to be executed and delivered in connection with the delivery of the UNCP Documents, and the Chancellor or Vice Chancellor for Finance and Administration of UNC Pembroke are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the UNCP Documents as executed.

Section 2. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 3. Effective Date. This Resolution is effective immediately on the date of its adoption.

**SECRETARY'S CERTIFICATE  
OF AUTHENTICATION**

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

I, Meredith McCullen Steadman, Acting Secretary of the University of North Carolina System, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its meeting on May 22, 2019 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on May 22, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on May 22, 2019, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this \_\_\_\_ day of May, 2019.

[SEAL]

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Meredith McCullen Steadman, Acting Secretary of the  
University of North Carolina System

## APPENDIX L

### University of North Carolina at Pembroke University Courtyard Apartments Project Affiliate Foundation Financing Term Sheet

April 26, 2019

The University of North Carolina at Pembroke (“UNC Pembroke”) is requesting authority to enter into (1) a management agreement with The UNC Pembroke University Foundation, LLC (the “Company”) and (2) an amendment to an existing use agreement between UNC Pembroke and the Company to facilitate the refinancing of the existing University Courtyard Apartments (“Courtyard Phase I”) and the financing of a new phase of the housing facility (“Courtyard Phase II,” and together with Courtyard Phase I, the “Project”) on substantially the terms set forth in this Term Sheet.

I. Project Overview	
1. Courtyard Phase I	<p>Courtyard Phase I consists of seven building units containing 336 apartment-style beds located on land owned by the Company adjacent to UNC Pembroke’s campus.</p> <p>Courtyard Phase I was financed with proceeds of variable rate bonds issued in 2001 (the “2001 Bonds”), which were secured by a direct pay letter of credit (the “Letter of Credit”) provided by Wells Fargo Bank, N.A.</p> <p>In 2011, to provide additional support for the 2001 Bonds, the Board of Governors authorized UNC Pembroke to (1) lease from the Company all the Courtyard Phase I beds under a lease agreement between the State of North Carolina and the Company (the “Master Lease”) and (2) operate and manage Courtyard Phase I as part of UNC Pembroke’s housing stock under a Use Agreement between the Company and UNC Pembroke (the “Use Agreement”). In connection with the most recent renewal of the Letter of Credit in 2017, the Board of Governors approved amendments to the Master Lease and Use Agreement to extend their terms to the final maturity date of the 2001 Bonds.</p> <p>Fall and Spring occupancy for Courtyard Phase I has averaged 99.4% over the last three fiscal years.</p>
2. Courtyard Phase II	<p>Courtyard Phase II will consist of four building units containing approximately 196 apartment-style beds and related infrastructure improvements. Courtyard Phase II will be located on land owned by the Company adjacent to UNC Pembroke’s campus and Courtyard Phase I.</p> <p>Each building unit will be approximately ____ square feet and will contain approximately 48 to 50 beds. The buildings will be delivered in two phases, with the first two buildings delivered for the Fall of 2019 and the final two buildings delivered the following semester.</p> <p>In 2019, the Board of Governors approved an amendment to release from the Master Lease the unimproved site on which Courtyard Phase II will be located.</p>

## APPENDIX L

	The number of beds and square footage may change slightly during construction.
3. Project Participants	<p>The Company owns and financed Courtyard Phase I and will serve as the owner and developer for Courtyard Phase II.</p> <p>Metcon is serving as the general contractor for Courtyard Phase II. Niles Bolton Associates is serving as the architect for Courtyard Phase II.</p> <p>The Company selected PNC Bank, N.A. (“PNC”) through a competitive process to provide interim and permanent financing for the Project. The Wisconsin Public Finance Authority will issue the tax-exempt bond to evidence PNC’s commercial loan.</p>

II. Courtyard Phase I – Master Lease & Use Agreement	
1. Financing	<p>The Company was required to refinance the 2001 Bonds to facilitate the construction of Courtyard Phase II and to address the looming expiration date of the Letter of Credit supporting the 2001 Bonds.</p> <p>The tax-exempt bond issued to refinance Courtyard Phase I (the “2019A Bond”) will be repayable on substantially the same terms as the 2001 Bonds. The 2019A Bond will continue to be supported by the Master Lease and Use Agreement, as amended, and UNC Pembroke’s payment obligations under the Master Lease and Use Agreement will continue to be expressly limited to the availability of funds from (1) Courtyard Phase I’s net revenues and (2) certain housing system revenues <u>after</u> payment of UNC Pembroke’s general revenue bond obligations. The Master Lease is subject to termination if such funds are insufficient to meet UNC Pembroke’s payment obligations.</p> <p>PNC has proposed a fixed interest rate on the 2019A Bond for a committed five-year period, at which time PNC will have the option to extend the committed term or put the 2019A Bond back to the Company.</p> <p>Apart from its payment obligations under the Master Lease and Use Agreement, UNC Pembroke will have no financial obligation to support the Company’s repayment of the 2019A Bond.</p>
2. Master Lease	<p>The proposed refinancing for the Project requires <u>no</u> changes to the existing Master Lease, which will expire on June 30, 2036. The Master Lease will continue to support the financing for Courtyard Phase I, but UNC Pembroke’s obligations under the Master Lease will not be altered, expanded or extended in any respect.</p> <p>The Master Lease will <u>not</u> secure the financing for Courtyard Phase II.</p>
3. Amendment to Use Agreement	To accommodate the new financing structure, which will be involve a bank-placed bond rather than variable rate bonds supported by a direct pay letter of credit, UNC Pembroke is requesting approval to enter into an amendment to the Use Agreement.

## APPENDIX L

	<p>The amendment to the Use Agreement makes various conforming changes to reflect the bank-placed structure and the changes to Master Lease premises as previously approved by the Board of Governors. The amendment also shifts responsibility for “Repair and Replacement Activities” with respect to Courtyard Phase I from UNC Pembroke to the Company, as required by the loan documents securing the 2019A Bond, and permits UNC Pembroke to pay as an “Additional Rental” amounts required to be deposited for Repair and Replacement Activities under the loan documents securing the 2019A Bond.</p> <p>The change to the definition of “Additional Rentals” to include Repair and Replacement Activities will <u>not</u> increase UNC Pembroke’s rent payment obligations under the Master Lease.</p>
4. Ownership	<p>The Company will continue to own Courtyard Phase I in fee simple. UNC Pembroke will continue to have the option, subject to various approvals described in the Master Lease, to purchase Courtyard Phase I on the final discharge of all debt secured by the Master Lease and Use Agreement.</p>
5. Additional Security	<p>The 2019A Bond will continue to be secured by a deed of trust on the Company’s fee simple interest in Courtyard Phase I. The 2019A Bond and the 2019B Bond (as described below) will be cross-defaulted and cross-collateralized, though UNC Pembroke’s obligations under the Master Lease and Use Agreement will be limited to the beds located in Courtyard Phase I.</p>

<b>II. Courtyard Phase II – Management Agreement</b>	
1. Financing	<p>The tax-exempt bond issued to finance Courtyard Phase II (the “2019B Bond”) will be repayable from Courtyard Phase II’s revenues and other available funds of the Company. There will be no lease between UNC Pembroke and the Company with respect to Courtyard Phase II.</p> <p>UNC Pembroke proposes to operate and manage Courtyard Phase II on the Company’s behalf under the terms of the Management Agreement, which will allow UNC Pembroke to leverage operating efficiencies provided by its existing housing system and its ability to collect rent and enforce other terms under its standard rental agreements.</p> <p>PNC has proposed a fixed interest rate on the 2019B Bond for a committed five-year period, at which time PNC will have the option to extend the committed term or put the 2019B Bond back to the Company.</p> <p>UNC Pembroke will have no financial obligation to support the Company’s repayment of the 2019B Bond.</p>
2. Management Agreement	<p>UNC Pembroke and the Company will enter into a Management Agreement pursuant to which UNC Pembroke will operate and manage Courtyard Phase II. The Company will fully reimburse UNC Pembroke for costs incurred in carrying out its management and operational</p>

# APPENDIX L

	<p>responsibilities, which will be treated as an operating expense of Courtyard Phase II.</p> <p>UNC Pembroke’s operational and management responsibilities will be defined in the Management Agreement and are anticipated to include:</p> <ul style="list-style-type: none"> <li>▪ Development and implementation of Courtyard Phase II’s annual operating budget;</li> <li>▪ Residence life functions, including marketing, assignments, billing, collections, and programming;</li> <li>▪ Provide security, custodial services, and trash disposal for the premises;</li> <li>▪ Procure and manage equipment on the Company’s behalf;</li> <li>▪ Obtain and maintain any required insurance policies on the Company’s behalf;</li> <li>▪ Make recommendations to the Company and engage third-parties on the Company’s behalf to maintain and repair Courtyard Phase II; and</li> <li>▪ Manage the funds held to the credit of the various project accounts established under the loan documentation securing the 2019B Bond.</li> </ul> <p>Apart from setting an annual operating budget that will enable the Company to comply with its obligations under the loan documents, the Management Agreement does <u>not</u> require UNC Pembroke to alter its assignment policies or otherwise ensure any minimum occupancy or revenue requirements.</p>
3. Ownership	<p>The Company will own Courtyard Phase II in fee simple. UNC Pembroke will continue to have the option, subject to various approvals described in the Master Lease, to purchase Courtyard Phase I on the final discharge of all debt secured by the Master Lease and Use Agreement.</p>
4. Additional Security	<p>The 2019B Bond will be secured by a deed of trust on the Company’s fee simple interest in Courtyard Phase II. The Company will also assign to PNC its rights and interests in the Management Agreement.</p> <p>The 2019A Bond and the 2019B Bond will be cross-defaulted and cross-collateralized, subject to the limitations described above.</p>

## Capital Improvement Projects – Appalachian, ECSU, NCCU, NCA&T, NC State, UNCA, UNC-Chapel Hill, UNCC, UNCG, UNCP, and WSSU

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated capital 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.

There are 11 UNC System institutions that have requested a total of 40 capital improvement projects: 9 projects for advance planning, 22 new projects for authority, and 9 projects for increased authorization. The 11 UNC System institutions requesting approval are Appalachian, ECSU, NCCU, N.C. A&T, NC State, UNCA, UNC-Chapel Hill, UNCC, UNCG, UNCP, and WSSU.

### I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
1.	Dairy Facility at College of Veterinary Medicine	\$4,800,000	-	\$400,000	Trust Funds
2.	Greek Village Phase 4 – Infrastructure, Townhomes, and Apartments	\$36,000,000	-	\$3,600,000	Trust Funds
3.	Thermal Utilities to Partners II and Toxicology Buildings	\$7,000,000	-	\$700,000	Carry-forward
<i>NC State Subtotal</i>		<i>\$47,800,000</i>	<i>\$0</i>	<i>\$4,700,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
4.	Coker Arboretum Arbor and Sidewalk Reconstruction	\$1,200,000	-	\$150,000	Trust Funds
5.	Copper Telecommunication Replacement Phase 1 (aka Fire Alarm Radio mesh Network)	\$6,430,000	\$100,000	\$400,000	Trust Funds
6.	Energy Management Controls System Upgrade	\$5,000,000	-	\$180,000	Trust Funds
7.	Forest Theater Renovation	\$5,000,000	-	\$100,000	Trust Funds (25%)/Gifts (75%)
8.	South Chiller Plant Retrofit	\$15,530,000	-	\$1,000,000	Trust Funds
<i>UNC-CH Subtotal</i>		<i>\$33,160,000</i>	<i>\$0</i>	<i>\$1,930,000</i>	
<b>University of North Carolina at Charlotte</b>					
9.	Cameron Second Floor Renovation	\$19,100,000	-	\$1,950,000	Carry-forward
<i>UNCC Subtotal</i>		<i>\$19,100,000</i>	<i>\$0</i>	<i>\$1,950,000</i>	

# APPENDIX M

## II. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Appalachian State University</b>					
10.	Stadium Lot Steam and Condensate, Phase 2	\$3,256,597	-	\$3,256,597	Trust Funds
<i>ASU Subtotal</i>		<i>\$3,256,597</i>	<i>\$0</i>	<i>\$3,256,597</i>	
<b>North Carolina Central University</b>					
11.	Elder Student Union Chick-fil-A Renovation	\$1,033,537	-	\$1,033,537	Auxiliary Trust Funds
12.	Shepard Library Starbucks Coffee Shop	\$1,060,576	-	\$1,060,576	Auxiliary Trust Funds
<i>NCCU Subtotal</i>		<i>\$2,094,113</i>	<i>\$0</i>	<i>\$2,094,113</i>	
<b>North Carolina A&amp;T State University</b>					
13.	Carver and Webb Halls Fume Hoods Replacement	\$488,050	-	\$488,050	Grant
14.	Carver Hall Emergency Generator Addition	\$327,750	-	\$327,750	Grant
<i>N.C. A&amp;T Subtotal</i>		<i>\$815,800</i>	<i>\$0</i>	<i>\$815,800</i>	
<b>North Carolina State University</b>					
15.	110 Classroom Renovations	\$758,237	-	\$758,237	Carry-forward
16.	Brickyard Entrance Improvements – DH Hill Library	\$500,000	-	\$500,000	Carry-forward
17.	Central Campus Electrical Upgrade Phase 2 - Distribution	\$6,205,265	-	\$6,205,265	Trust Funds
18.	Fire Alarm Replacement – Bostian Hall & Brooks Hall	\$640,000	-	\$640,000	Carry-forward
19.	Interior LED Conversion – Phase 1	\$870,000	-	\$870,000	Carry-forward
20.	Lab & Building Systems Modifications - VRB	\$1,500,000	-	\$1,500,000	Carry-forward
21.	Library Renovations – Jordan Hall	\$1,500,000	-	\$1,500,000	Carry-forward
22.	Renovate Telecom Room 110 – Poe Hall	\$485,000	-	\$485,000	Trust Funds
23.	Road Repairs – Cates Avenue & Morrill Drive	\$329,518	-	\$329,518	F&A
24.	Wrestling Addition & Renovation – Weisiger-Brown Athletic Facility	\$2,500,000		\$2,500,000	Athletic Receipts
<i>NC State Subtotal</i>		<i>\$15,288,020</i>	<i>\$0</i>	<i>\$15,288,020</i>	

# APPENDIX M

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>University of North Carolina at Asheville</b>					
25.	Baseball Stadium Improvements	\$500,820	-	\$500,820	Gifts
<i>UNCA Subtotal</i>		<i>\$500,820</i>	<i>\$0</i>	<i>\$500,820</i>	
<b>University of North Carolina at Chapel Hill</b>					
26.	Conner Community Fire Alarm Maintenance Repair	\$485,000	-	\$485,000	Housing Receipts
27.	Genetic Medicine Building Fifth Floor Computational Lab	\$400,000	-	\$400,000	F&A
28.	Genome Science Building – Café and Commons Renovations	\$492,000	-	\$492,000	Trust Funds
29.	School of Media & Journalism Media & Communication Studio	\$7,200,000	\$600,000	\$6,600,000	Gifts
<i>UNC-CH Subtotal</i>		<i>\$8,577,000</i>	<i>\$600,000</i>	<i>\$7,977,000</i>	
<b>The University of North Carolina at Greensboro</b>					
30.	Oakland Parking Deck Expansion	\$17,406,000	-	\$17,406,000	Parking Receipts
31.	Soccer Field and Drainage Repairs	\$1,078,000	-	\$1,078,000	Debt Service Fee
<i>UNCG Subtotal</i>		<i>\$18,484,000</i>	<i>\$0</i>	<i>\$18,484,000</i>	

## III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>Elizabeth City State University</b>					
32.	Butler Hall	\$1,300,000	\$988,299	\$311,701	USDA Refinance
<i>ECSU Subtotal</i>		<i>\$1,300,000</i>	<i>\$988,299</i>	<i>\$311,701</i>	
<b>University of North Carolina at Asheville</b>					
33.	Student Apartment Housing	\$35,165,000	\$34,545,000	\$620,000	Housing Receipts
34.	Owen and Carmichael Hall Renovations	\$26,519,826	\$25,765,826	\$754,000	Gifts
<i>UNCA Subtotal</i>		<i>\$65,084,826</i>	<i>\$60,310,826</i>	<i>\$1,374,000</i>	

# APPENDIX M

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>University of North Carolina at Chapel Hill</b>					
35.	Energy Efficiency Program: Chapman, ITS Manning, Glaxo-MBRL	\$1,416,897	\$1,355,000	\$61,897	Carry-forward
36.	Energy Services Utility Improvements in Academic Affairs	\$14,000,000	\$9,725,563	\$4,274,437	Trust Funds
37.	Energy Project: Taylor Hall Air Flow Reduction	\$580,000	\$520,000	\$60,000	F&A
38.	Thurston Bowles Air Flow Reduction	\$1,650,000	1,300,000	\$350,000	F&A
<i>UNC-CH Subtotal</i>		<i>\$17,646,897</i>	<i>\$12,900,563</i>	<i>\$4,746,334</i>	
<b>The University of North Carolina at Pembroke</b>					
39.	West Hall Comprehensive Renovation	\$11,368,729	\$10,000,000	\$1,368,729	Carry-forward
<i>UNCP Subtotal</i>		<i>\$11,368,729</i>	<i>10,000,000</i>	<i>\$1,368,729</i>	
<b>Winston-Salem State University</b>					
40.	Rams Commons Residence Hall – Fire Alarm Replacement and HVAC Upgrade	\$7,129,000	\$1,550,000	\$5,579,000	Housing Receipts
<i>WSSU Subtotal</i>		<i>\$7,129,000</i>	<i>\$1,550,000</i>	<i>\$5,579,000</i>	
<b>Grand Total</b>		<b>\$251,605,802</b>	<b>\$86,449,688</b>	<b>\$73,676,114</b>	

## RECOMMENDATION

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

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

## Approval of Capital Project for New Housing – UNCSA

### ISSUE OVERVIEW

University of North Carolina School of the Arts (UNCSA) requests that the Board approve the construction of a new residence hall to include 444 beds located at the current Bailey Street Apartment site. The estimated project budget is \$46M and will be financed as self-liquidating debt pending approval of the General Assembly.

UNCSA currently requires all freshman and sophomore students to live on campus. Juniors and seniors are not required to live on campus but are able to live on campus if they desire and is space is available.

UNCSA currently has a total on-campus supply of 558 beds, which includes 52% traditional-style beds and 48% apartment-style beds. The options for on-campus housing include the following:

- Residence Halls A – F. The six residential buildings were constructed in 1972 and have not had any major renovations. The complex includes a total of 288 traditional-style beds, with 48 beds in each building. The beds are typically occupied by first- and second-year students.
- Bailey Street Apartments. The building was constructed in 1984 and has not had any major renovations. The building includes 92 apartment-style beds. The beds are available for upper-class students, graduate students, students of non-traditional ages, and international students.
- Center Stage Apartments. The building was constructed in 2001 and includes 178 beds in an apartment-style residence hall. The beds are available for upper-class students, graduate students, students of non-traditional ages, and international students.

The new housing will replace the 288 existing traditional-style units at Residence Halls A-F and 92 apartment-style units at Bailey Street Apartments with 444 semi-suite and apartment-style units. The existing 178 apartment-style units at Center Stage Apartments will be retained. The total available housing units after construction of the new residence hall will be 622 semi-suite and apartment-style units, which is a net increase of 64 beds, as shown below:

	Unit Type	Number of Beds	Demolish	Retain	New
Residence Hall A – F	Traditional	288	288		
Bailey Street Apartments	Apartment	92	92		
Center Stage Apartments	Apartment	178		178	
New Residence Hall	Apartment/Semi-Suite	---			444
<i>Total Existing Units</i>		<b>558</b>			
<i>Total Units to be Demolished</i>			<b>380</b>		
<i>Total Units to be Retained</i>				<b>178</b>	
<i>Total New Housing Units</i>					<b>444</b>
<b>Total Units after Construction (net increase of 64 units)</b>					<b>622</b>

On-campus occupancy for the past five academic years (2014 – 2019) has averaged 96.2%. Due to the condition of Residence Halls A – F and the Bailey Street Apartments, along with complaints received from sophomore students, UNCSA has granted more live-on policy waivers for sophomore students, which has resulted in a slight decline in the sophomore capture rate. At the same time, UNCSA has received an increased demand for Center Stage housing from juniors and seniors. The 2018-2019 academic year also saw the highest enrollment of full-time undergraduates and full-time graduates over a five-year period with a 25% increase over the 2017-2018 academic year.

Due to its unique nature, UNCSCA is the only institution exempted from the Board policy of enrolling at least 82% in-state students. Students attending UNCSCA come from various geographical areas across the country and the average per capita income for the top 20 counties for out-of-state students is 41% higher than the average per capita income of in-state students.

UNCSCA is completing its Housing Master Plan using Reith Jones Advisors as its consultant. The Housing Master Plan will include inputs from students, stakeholders, and the institution's advisors. The consultants compared UNCSCA to 10 peer schools across the nation and found the following:

- UNCSCA does not offer any suite-style housing compared to peer schools, which offer approximately one-third of their beds as suite-style.
- UNCSCA offers 52% traditional-style, 0% suite-style, and 48% apartment-style. By comparison, peer institutions offer an average 26% traditional-style, 26% suite-style and 38% apartment-style. Suite-styles are more popular across higher education because of enhanced privacy and efficiency compared to other styles.
- UNCSCA rental rates are significantly lower than peer schools with rates at 43.9% and 47.2% below peer averages for traditional-style and apartment-style respectively. On average, housing rental rates at peer schools are 31% higher than UNCSCA on-campus housing rates for comparable units.
- Peer institutions are investing in housing to help recruit and retain students and UNCSCA is competing for the same students as a nationally-recognized top-ranked creative and performing arts conservatory.

The Housing Master Plan supports construction of a new residence hall located on and around the current Bailey Street Apartment site. The estimated total project cost is \$46 million with an anticipated construction completion date of Fall 2021.

#### **RECOMMENDATION**

It is recommended that the Board of Governors approve the construction of the new residence hall. This item requires approval of the General Assembly as a self-liquidating project.

# UNC SCHOOL OF THE ARTS



Housing Master Plan  
UNC System Staff Discussion  
March 2019

## Agenda - UNC System Discussion

March 2019

- Work Plan
- Summary of Findings
- Analysis & Support
  - Competition Assessment
  - Student Feedback & Survey Analysis
  - Demand Analysis
- Preliminary Economics & Delivery Options
- Discussion & Next Steps



## Work Plan

### *Student Housing Market Study + Housing Master Plan*

#### Defining UNCSCA's Strategic Housing Objectives

- ✓ Review Planning Information
- ✓ Define Strategic Objectives
- ✓ Stakeholder Interviews

#### Student Housing Demand Assessment

- ✓ Student Focus Groups
- ✓ Competition Assessment
  - ✓ Off Campus Marketplace
  - ✓ Peer Institutions
- ✓ Student Feedback & Survey Analysis
- ✓ Demand Analysis
- ✓ Financials & Delivery Options
- ✓ Considerations & Next Steps

#### Financial Modeling & Delivery Evaluation

- ✓ Develop Comprehensive Housing Program & Project Proforma Model
- ✓ Finalize Program, Operating, Capital, & Project Cost Assumptions
- ✓ Summary of Recommendations
- ✓ Evaluate Projected Impact of Various Financing Structures
- ✓ Approval Review & Support
- ✓ Follow-up Financial Working Session
- ✓ Board of Trustees Presentation
  - UNC System Presentation & Discussion

## Summary of Findings

### *Housing Master Plan*

1. UNCSCA offers no suite-style housing - only traditional-style and apartment options on campus.
2. On-campus rates at UNCSCA are significantly below identified peers for all unit types.
3. The off-campus market has a wide variety of offerings but none are student-focused.
4. Center Stage remains an attractive option for juniors, seniors, and graduate students.
5. Students are willing to pay a premium for new or improved on-campus housing.
6. The demand analysis confirms UNCSCA's desire to replace Residence Halls A-F and Bailey Street Apartments with new housing.
7. This Housing Master Plan will recommend replacement housing focused predominantly on single and double-occupancy semi-suites for freshmen and sophomores.
8. UNCSCA has multiple financially-feasible options for the recommended project.

## Competition Assessment

### Peer Institutions - Housing Program

Institution	% Trad	% Suite	% Apt	Live On Req	Hsg Capture Rates	
					% FTDS	So/Jr/Sr
1 Carnegie Mellon	36%	30%	33%	1	100%	43%
2 Fordham (Ailey)	51%	15%	34%	0	77%	42%
3 Juilliard	0%	100%	0%	1	99%	43%
4 Massachusetts College of Art and Design	0%	31%	69%	0	82%	33%
5 New York University	10%	34%	56%	0	85%	31%
6 Oberlin	80%	0%	20%	3	99%	79%
7 Rutgers	54%	10%	36%	0	91%	33%
8 Savannah College of Art and Design	0%	78%	22%	0	99%	27%
9 SUNY - Purchase	16%	43%	40%	0	86%	63%
10 University of Southern California	12%	18%	70%	0	98%	31%
<b>Average</b>	<b>26%</b>	<b>36%</b>	<b>38%</b>	<b>1</b>	<b>92%</b>	<b>42%</b>
<b>11 UNC-School of the Arts</b>	<b>52%</b>	<b>0%</b>	<b>48%</b>	<b>2</b>	<b>91%</b>	<b>47%</b>

UNCSA has no suite-style inventory on campus. Peer schools identified by UNCSA offer an average of 36% suites.

UNCSA's two-year live-on requirement will continue to ensure a strong on-campus housing capture rate.

## Competition Assessment

### Peer Institutions - Housing Rates (by semester)

Institution	Traditional		Suites		Apartments							
	Single	Shared	Single	Shared	1BR Single	1BR Shared	2BR Single	2BR Shared	3BR Single	3BR Shared	4BR+ Single	4BR+ Shared
1 Carnegie Mellon University	\$4,710	\$3,919	\$5,127	\$4,425	\$5,145	\$4,749	\$5,046	\$4,864	\$5,279	\$4,896	-	-
2 Fordham University	\$5,516	\$4,680	\$5,792	\$4,454	\$8,353	-	\$7,245	\$5,106	\$5,609	\$5,282	\$5,068	\$4,579
3 The Juilliard School	-	-	\$10,285	\$8,235	-	-	-	-	-	-	-	-
4 Massachusetts College of Art and Design	-	-	\$6,680	\$5,602	\$6,149	\$4,966	\$5,501	\$5,687	-	\$5,265	\$6,680	-
5 New York University	-	\$6,445	\$8,373	\$6,531	\$9,946	\$7,685	\$6,803	\$7,014	-	\$5,801	-	-
6 Oberlin College	\$4,054	\$4,054	-	-	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	\$4,054	-
7 Rutgers University	-	\$3,873	-	\$4,056	-	-	\$5,401	\$4,356	\$5,420	-	\$5,304	-
8 Savannah College of Art and Design	-	-	-	\$4,543	\$7,424	-	\$5,640	\$4,856	-	\$4,856	\$5,424	\$5,424
9 State University of New York at Purchase	\$4,985	\$4,001	-	\$4,729	-	-	\$5,181	\$4,985	\$5,737	\$5,224	\$5,819	\$4,669
10 University of Southern California	\$6,418	\$4,769	\$6,633	\$5,429	\$5,578	\$4,534	\$5,856	\$4,666	\$5,393	\$5,256	\$5,333	\$5,415
<b>Average</b>	<b>\$5,137</b>	<b>\$4,534</b>	<b>\$7,148</b>	<b>\$5,334</b>	<b>\$6,664</b>	<b>\$5,198</b>	<b>\$5,636</b>	<b>\$5,065</b>	<b>\$5,249</b>	<b>\$5,079</b>	<b>\$5,383</b>	<b>\$5,022</b>
<b>11 University of North Carolina School of the Arts</b>	<b>\$2,667</b>	<b>\$2,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$3,353</b>	<b>\$2,437</b>	<b>-</b>	<b>-</b>	<b>\$2,735</b>	<b>-</b>
<b>\$ Premium / (Discount) to Average</b>	<b>(\$2,470)</b>	<b>(\$2,274)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$2,283)</b>	<b>(\$2,628)</b>	<b>-</b>	<b>-</b>	<b>(\$2,648)</b>	<b>-</b>
<b>% Premium / (Discount) to Average</b>	<b>(48.1%)</b>	<b>(50.2%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.5%)</b>	<b>(51.9%)</b>	<b>-</b>	<b>-</b>	<b>(49.2%)</b>	<b>-</b>

UNCSA's on-campus housing offerings are priced 48% below the identified peer group averages.

Current housing rates at UNCSA will not support the cost of comprehensive renovation or new construction.

## Competition Assessment

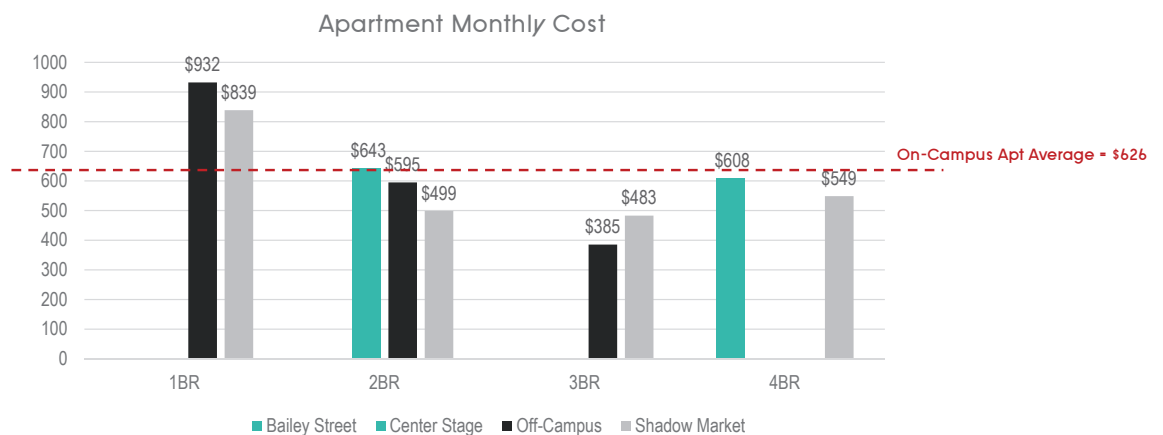
### Increasingly Competitive Marketplace



*SCAD Victory Village I (open) & II (under construction)*

## Competition Assessment

### Off-Campus Marketplace



*48% of student survey respondents rent single-family homes off campus (identified as the shadow market).*

*Average off-campus rental rates (apartments & houses) are slightly below UNCSCA on-campus apartment rates.*

## Student Feedback

### Focus Group Themes & Takeaways

#### Why did you choose to attend UNCSA?

- Programs / Instructors / Deans
- Sense of Community
- Convenience / Non-Urban Setting
- Overall Affordability

#### What do you like most about on-campus housing at UNCSA?

- Convenience / Location
- Sense of Community

#### What would you most like to improve about on-campus housing?

- Lower student-to-bathroom ratios
- More single-occupancy bedrooms
- More common spaces and kitchens

#### What's driving you to move off campus?

- On-Campus Housing Conditions
- Privacy
- Affordability & Value

## Student Feedback

### Student Survey Demographics

293

total respondents

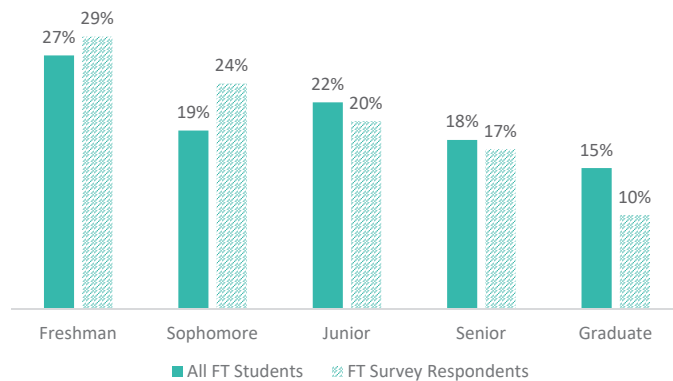
22%

total response rate

15%

full-time response rate

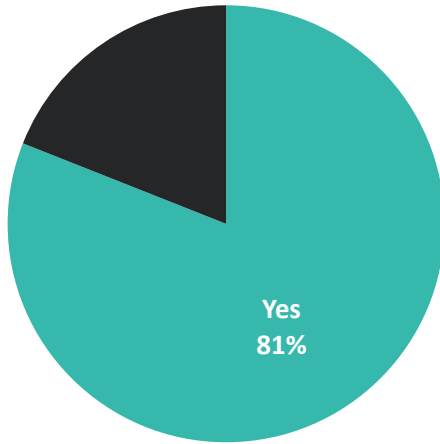
Comparison of Survey Respondents to UNCSA Demographics



## Student Feedback

### Key Takeaways

Has living on campus had a positive impact on your experience at UNCSA?



# 95%

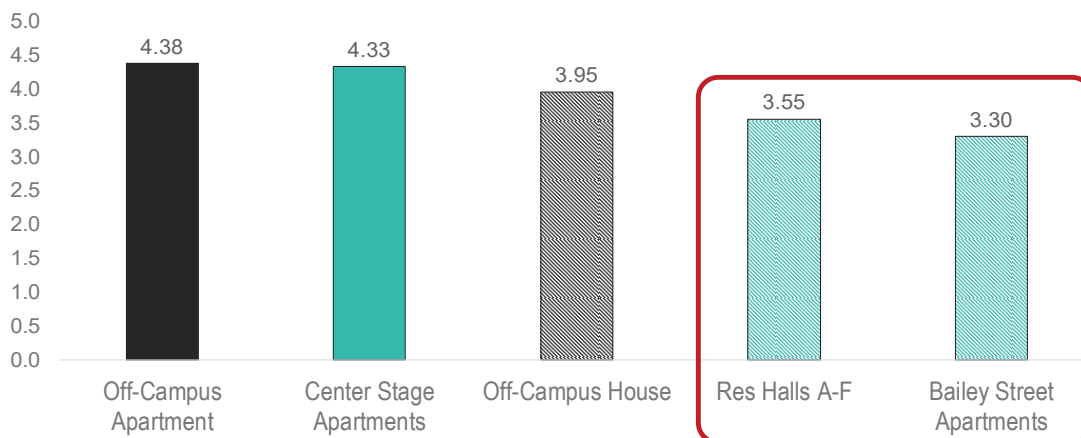
of students feel very safe or safe off campus

# 97%

of students feel very safe or safe on campus

## Student Feedback

How satisfied are you with your current living conditions?

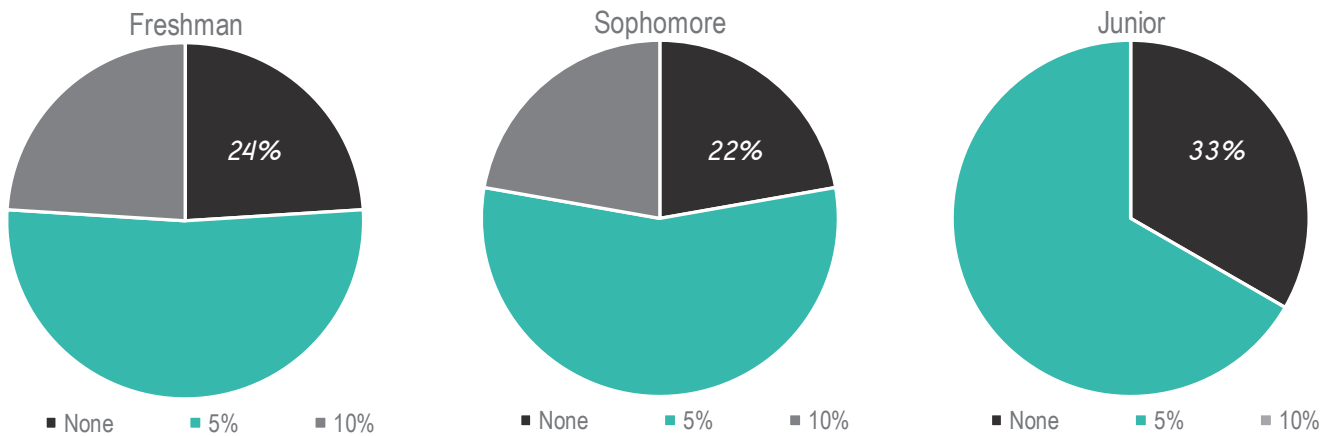


Off-campus apartments rank highest (5.0 very good) with Center Stage closely behind.

Res Halls A-F and Bailey Street bring down the UNCSA satisfaction average (Bailey 1.03 points below Center Stage).

## Student Feedback

*Would you be willing to pay a premium for improvements / new housing?*



*76% of full-time respondents interested in living on campus indicated they would pay a premium for new / improved housing.*

*54% of students would pay a 5+% premium + 22% would pay a 10+% premium.*

## Demand Analysis

### Methodology

- Combination of various methodologies to determine UNCSCA's maximum potential on-campus housing demand:
  - Student survey data
  - Residential life policies & best practices
  - Peer & institutional benchmarking
  - Off-campus market analysis
- Demand is applied to Fall 2018 enrollment and increased / decreased annually based on institutional projections.
- The Housing Master Plan's final demand recommendation will yield a market-based solution that balances institutional mission with economic realities.

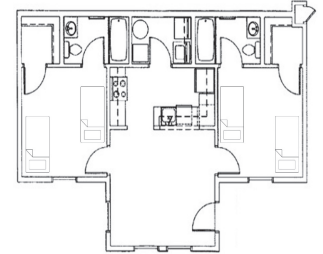
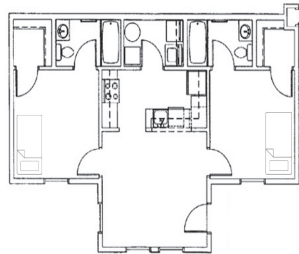
## Demand Analysis

### Tested Unit Types & Rental Rates

Which of the following would be your preferred on-campus unit?

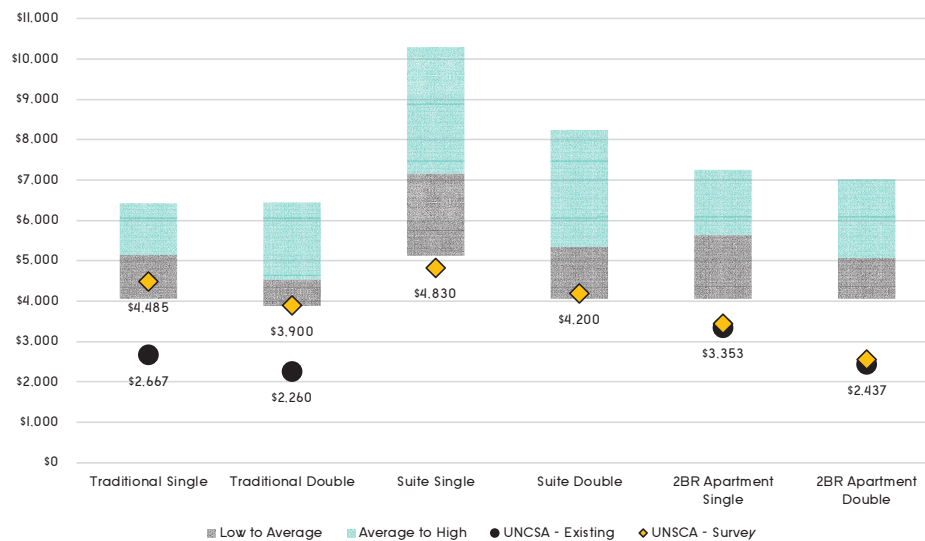
- Traditional / Pod-style (\$3,900 / semester, new rate)
- Semi-suite (\$4,200 / semester, new rate)
- Center Stage 2BR/2BA apartment, single-occupancy (\$3,350 - 3,550 / semester, existing rate)
- Center Stage 2BR/2BA apartment, double-occupancy (\$2,450 - 2,650 / semester, existing rate)

	Bedroom	Bathroom	Living Room	Kitchen
Traditional / Pod	Y	N	N	N
Semi-suite	Y	Y	N	N
Apartment	Y	Y	Y	Y



## Demand Analysis

### Survey, Existing, and Peer Rate Comparison



Rental rates tested in the survey that inform these demand recommendations are below the on-campus housing rates at the peer and cross-applicant institutions identified by UNCSA.

## Demand Analysis

### Aligning Supply & Demand

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	70	183	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	22	123	0	0	146
Junior	38.1%	50.4%	4	29	70	11	114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
<b>TOTALS:</b>	<b>52.1%</b>	<b>59.8%</b>	<b>96</b>	<b>348</b>	<b>167</b>	<b>12</b>	<b>622</b>
Fall 2018 Supply			288	0	234	36	558
<b>Excess Supply / (Demand Shortage)</b>			<b>192</b>	<b>(348)</b>	<b>67</b>	<b>24</b>	<b>(64)</b>
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
<b>Post-Demolition Excess Supply / (Demand Shortage)</b>			<b>(96)</b>	<b>(348)</b>	<b>(25)</b>	<b>24</b>	<b>(444)</b>

Students indicated strong demand for semi-suite housing over traditional-style housing.

On-campus apartment demand (post-Bailey removal) consistent with the current size of Center Stage.

## Demand Analysis

### Efficient Capital Projects & Meeting the Needs of Tomorrow's Students

	2018-19 Capture	Potential Capture Rate	On-campus Bed Demand				TOTAL
			Traditional	Semi-suite	Cnt Stg - Single Occ.	Cnt Stg - Double Occ.	
Freshman (First-year)	90.7%	90.7%	0 → 253	0	0	0	253
Freshman (Other)	-	-	0	0	0	0	0
Sophomore	62.4%	75.0%	0 → 146	0	0	0	146
Junior	38.1%	50.4%	0 → 33	70	11		114
Senior / Other UG	37.8%	42.4%	0	12	70	0	82
Graduate	6.1%	18.6%	0	0	27	1	28
<b>TOTALS:</b>	<b>52.1%</b>	<b>59.8%</b>	<b>0</b>	<b>444</b>	<b>167</b>	<b>12</b>	<b>622</b>
Fall 2018 Supply			288	0	234	36	558
<b>Excess Supply / (Demand Shortage)</b>			<b>288</b>	<b>(444)</b>	<b>67</b>	<b>24</b>	<b>(64)</b>
Demolition of Residence Halls A - F			(288)	0	0	0	(288)
Demolition of Bailey Street			0	0	(92)	0	(92)
<b>Post-Demolition Excess Supply / (Demand Shortage)</b>			<b>0</b>	<b>(444)</b>	<b>(25)</b>	<b>24</b>	<b>(444)</b>
Reallocation of Center Stage Occupancy			0	0	24	(24)	0
New Residence Hall // Bailey Street Site			0	444	0	0	444
<b>Post-completion Excess Supply / (Demand Shortage)</b>			<b>0</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>

Recommending 444 new semi-suite beds to accommodate live-on policy (freshmen + sophomores).

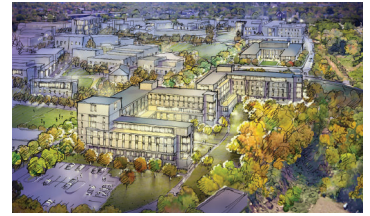
Junior, senior, and graduate student on-campus apartment demand will continue to fill Center Stage.

## Recommendations

### Proposed Project & Building Program

- New residence hall located on the current Bailey Street site
- 444 semi-suite beds with associated common spaces + staff apartments
  - 38% single-occupancy beds (including resident advisor beds)
  - 62% double-occupancy beds
- Estimated 130,000 - 135,000 gross square foot residence hall
- \$42.1 - \$48.0M estimated total project cost (depending on structure)

	Scenario A Traditional General Revenue Bonds	Scenario B Foundation Financing with Master Lease	Scenario C Non-recourse Foundation Financing	Scenario D P3 with 501c3 Non-profit
Hard \$ / Bed	\$74,276	\$74,276	\$74,276	\$74,276
Soft \$ / Bed	\$12,673	\$13,752	\$14,004	\$15,066
Financing \$ / Bed	<u>\$7,784</u>	<u>\$8,017</u>	<u>\$14,727</u>	<u>\$18,826</u>
Total Project \$ / Bed	\$94,733	\$96,045	\$103,007	\$108,168



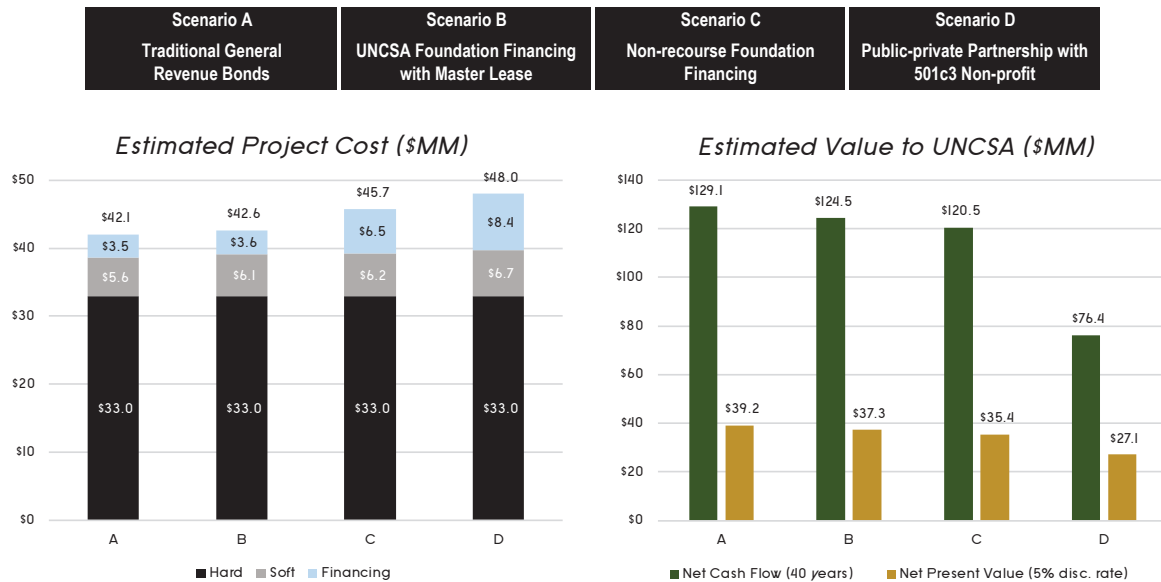
## The Proposed Project

### Delivery Options for UNCSA

	Scenario A Traditional General Revenue Bonds	Scenario B UNCSA Foundation Financing with Master Lease	Scenario C Non-recourse Foundation Financing	Scenario D Public-private Partnership with 501c3 Non-profit
<b>Project Context</b>				
Additional Administration	Low	Low	Medium	High
Cost of Capital (indicative)	4.22%	4.31%	4.57%	4.87%
Project Budget	\$42,061,397	\$42,643,884	\$45,735,199	\$48,026,613
<b>Required Approvals</b>				
General Assembly	Self-Liquidating	Self-Liquidating		
Board of Governors	Self-Liquidating	Self-Liquidating		
	Bond Financing	Bond Financing		Ground Lease
Council of State		✓	✓	
Other	Director of Budget	Director of Budget	Public Hearing	Public Hearing
<b>Additional Information</b>				
Rating	A3	Baa1	Baa3	Baa3
Impact on Statutory Debt Capacity	Dollar-for-dollar decrease	Dollar-for-dollar decrease	n/a	n/a
Other Considerations			Potential to incorporate Center Stage	Most complicated and expensive
Debt Term (years)	30	30	30	40

## The Proposed Project

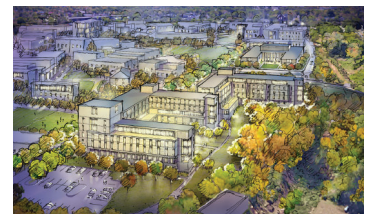
### Economics of the Delivery Options



## Discussion & Next Steps

### Housing Master Plan

- Open Discussion
- Next Steps
  - Additional discussion and meetings (as necessary)
    - UNC system office
    - Campus community
  - Detailed project schedule development
    - Required approvals (BoG, GA, Council of State, etc.)
    - Financing
    - Design and construction



# UNC SCHOOL OF THE ARTS



Housing Master Plan  
UNC System Staff Discussion  
*March 2019*

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

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of North Carolina Central University has requested authorization to demolish the existing structures on the properties listed below to support the construction of the Student Union Center, the School of Business building, and the student residence hall:

#### Demolition Requested for New Student Union Center

505 & 507 Cecil Street	\$ 59,000.00
509 & 511 Cecil Street	\$ 136,000.00
513 A/B Cecil Street	\$ 120,000.00
515/517 Cecil Street	\$ 114,000.00
519 Cecil Street	\$ 83,000.00
521 Cecil Street	\$ 90,000.00
523 Cecil Street	\$ 96,000.00
527 Cecil Street	\$ 115,000.00
2223 Fayetteville Street	\$ 200,000.00
<b>TOTAL</b>	<b>\$1,013,000.00</b>

#### Demolition Requested for New School of Business Building

1202 S. Alston Avenue	\$ 92,000.00
1204 S. Alston Avenue	\$ 95,000.00
922 Dupree Street	\$ 73,000.00
918 Dupree Street	\$ 90,000.00
910 Dupree Street	\$ 68,000.00
902 Dupree Street	\$ 130,000.00
829 Lawson Street	\$ 190,000.00
821 Lawson Street	\$ 152,000.00
817 Lawson Street	\$ 198,000.00
<b>TOTAL</b>	<b>\$1,088,000.00</b>

#### Demolition Required for New Student Residence Hall

615 E. Lawson Street	\$ 245,000.00
617 E. Lawson Street	\$ 95,000.00
609 E. Lawson Street	\$ 149,900.00
<b>TOTAL</b>	<b>\$ 489,900.00</b>

The NCCU Board of Trustees voted to approve the acquisition of property in support of the new School of Business building at its November 14, 2018 meeting. The existing structures are single family residences and NCCU is working with the City of Durham to request rezoning.

### RECOMMENDATION

It is recommended that the Board of Governors approve this request. The Council of State approved the demolition of the properties at the time when the various purchases were approved.

# APPENDIX O

Form PO-2  
Rev. 10-01  
Original and one copy to State Property Office

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

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

Date: **04/29/2019**

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. **Demolitions**  
This disposition is recommended for the following reasons:

The University has received funds from the State Legislature to construct a new Student Center, and new School of Business. In addition, we are in the process of constructing dorms with our P3 partners. Enclosed in this PO-2 are existing buildings on campus that are in the footprint of all new construction on this campus. Most of these properties have been approved at various times for demolition or will be approved by Council of State. We are respectfully asking the NC System Board of Governors for permission to demolish these existing structures located on NCCU campus and within our masterplan.

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

### Student Union Center Footprint

505/507 Cecil Street	\$59,000.00	509/511 Cecil Street	\$136,000.00
513 A/B Cecil Street	\$120,000.00	521 Cecil Street	\$90,000.00
515/517 Cecil Street	\$114,000.00	527 Cecil Street	\$115,000.00
519 Cecil Street	\$83,000.00		
523 Cecil Street	\$96,000.00		
2223 Fayetteville St.	\$200,000.00		
<b>Sub-total = (\$1,013,000.00)</b>			

### School of Business Footprint

Resident Housing on Lawson/Dupree	
1202 S. Alston Avenue	\$92,000.00
1204 S. Alston Avenue	\$95,000.00
922 Dupree Street	\$73,000.00
918 Dupree Street	\$90,000.00
910 Dupree Street	\$68,000.00
902 Dupree Street	\$130,000.00
829 Lawson Street	\$190,000.00
821 Lawson Street	\$152,000.00
817 Lawson Street	\$198,000.00
<b>Sub-total=\$ (1,088,000.00)</b>	

### New Residence Hall Location Footprint (P-3)

615 E. Lawson Street	\$245,000.00
617 E. Lawson Street	\$95,000.00
609 E. Lawson Street	\$149,900.00
<b>Sub-total =\$489,900.00</b>	

**Grand total = \$2,590,900.00**

Funds from the disposal of this property are recommended for the following:  
*(Complete if Agency has a Governing Board.)*

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

Signature:

Title:

*CW*  
Vice Chancellor  
Admin. and Finance / C70

**NORTH CAROLINA CENTRAL UNIVERSITY  
DURHAM, N.C.**



James E. Shepard, Founder

**RESOLUTION  
FOR  
DEMOLITION OF EXISTING STRUCTURES**

**WHEREAS**, pursuant to Appendix I, Section VI of *The Code* of the Board of Governors, the Board of Trustees of North Carolina Central University has been delegated authority to approve building sites, plans and specifications, and to adopt policies applicable to the control and supervision of all property matters; and

**WHEREAS**, the University has purchased properties in the past that have either been repurposed or are not currently in use for a specific purpose; and

**WHEREAS**, the University has existing buildings on campus that have outlived their usefulness, and are planned for demolition; and

**WHEREAS**, a select group of properties, including, but not limited to, the Alumni House, are in the building footprint of the New Student Center; and

**WHEREAS**, the University now seeks to demolish these structures in accordance with the rules and regulations of the State of North Carolina and in furtherance of its mission.

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of North Carolina Central University support the demolition of existing structures and the future acquisition of additional properties located on and around campus for the purpose of implementing the objectives of the University's Master Plan.

This the 14<sup>th</sup> day of November, 2018.

George R. Hamilton, Chairman  
North Carolina Central University  
Board of Trustees

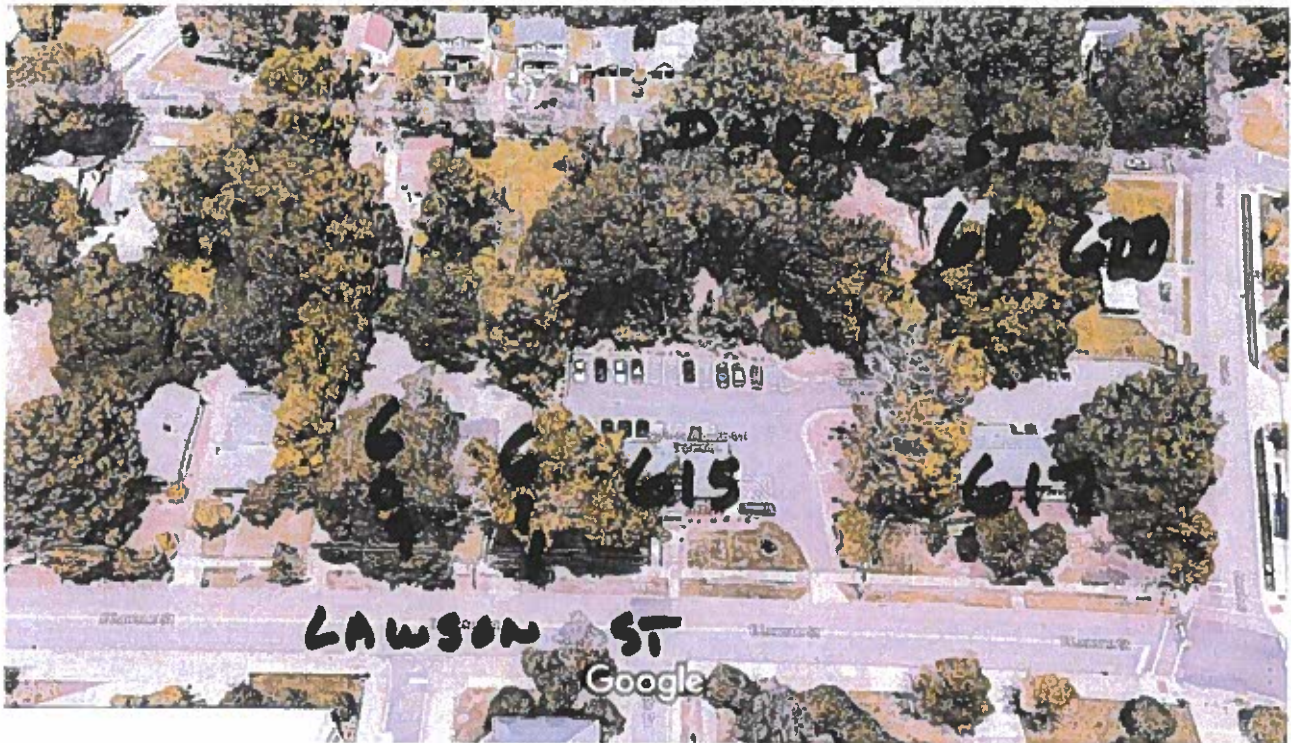
Oita C. Coleman, Secretary  
North Carolina Central University  
Board of Trustees

Google Maps



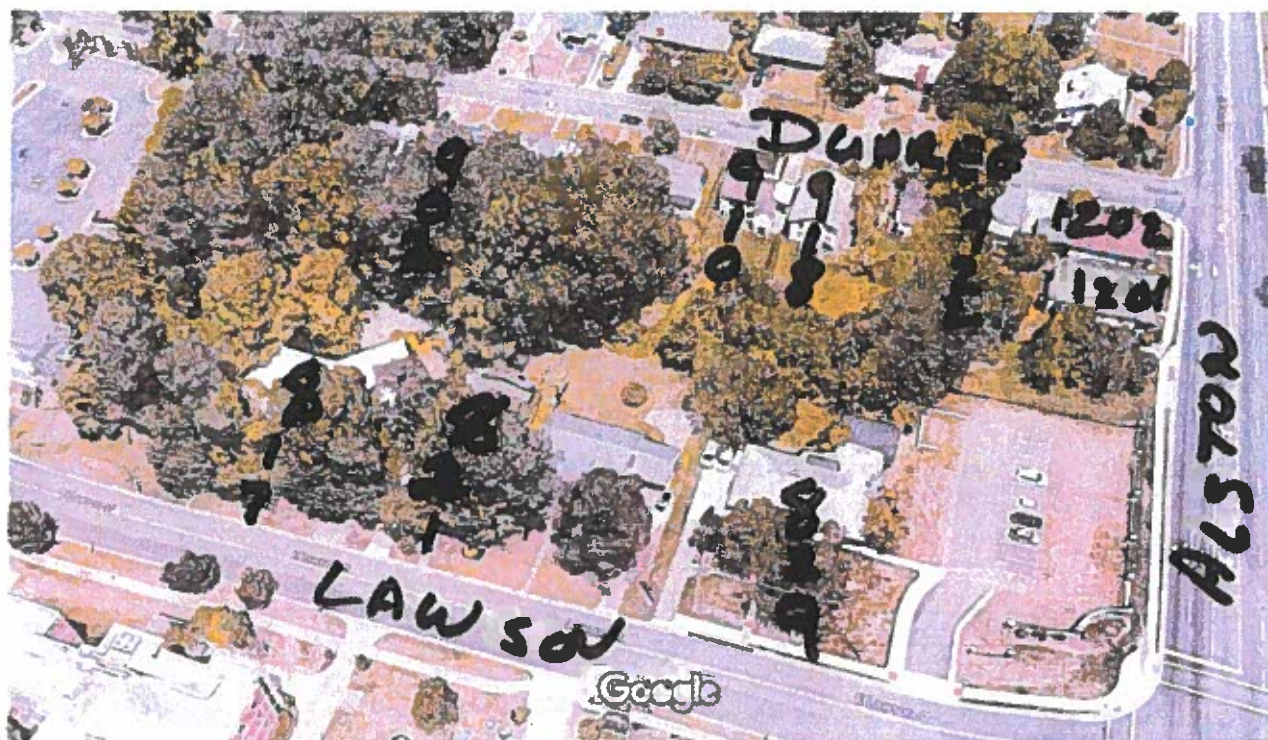
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Google Maps



Imagery ©2019 Google, Map data ©2019 Google 20 ft

Google Maps



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## **Disposition of Property by Easement – UNC Pembroke**

### **ISSUE OVERVIEW**

UNC System institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property.

The Board of Trustees of The University of North Carolina Pembroke is requesting authorization to dispose of property by easement to the Town of Pembroke for the purpose of installing utilities and granting permanent and temporary easement access in order to install and maintain future utilities. The request includes approximately 0.014 acres (629 SF) for permanent easement access and approximately 0.028 (1,200 SF) of temporary easement access. The temporary easement access will only be required during the time that utilities are being installed.

The disposition of property by easement will support the installation of utilities which will extend to university-owned property on the north side of Cornith Road. The Board of Trustees voted to approve the disposition of property by easement on April 5, 2016. The utility installation will begin Summer 2019.

### **RECOMMENDATION**

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

APPENDIX P

Form PO-2  
Rev. 10/01  
Original and one copy to State Property Office

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

Institution or Agency: UNC Pembroke

Date: 04-05-2019

The Department of Administration is requested, as provided by GS §146-28 et seq., to dispose of the real property herein described by *purchase, lease, rental, or other (specify)*. easement

This disposition is recommended for the following reasons:

Granting of temporary and permanent access to the Town of Pembroke for the purpose of installing utility easements on the property described below.

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

Approx. 0.014 acres (629 sq.ft.) for permanent access and approx. 0.028 acres (1200 sq.ft.) for temporary access; located on 3.52 acres adjacent to Cornith Road, Pembroke, NC. PIN #934404965400

Estimated value: \$0

Where deed is filed, if known: Robeson County

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

Rental income, if applicable, and suggested terms:

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

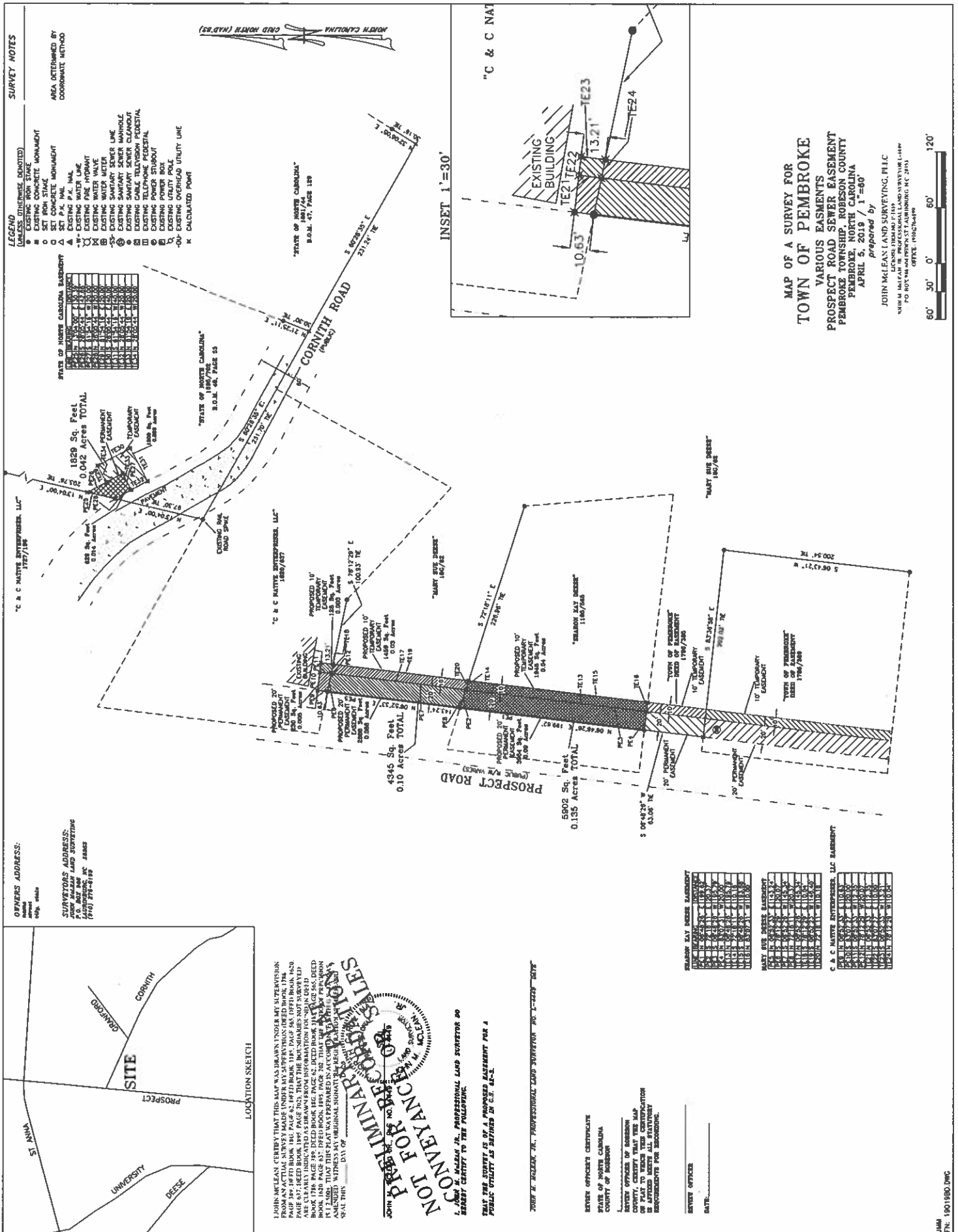
*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Governing Board UNC Pembroke and is recorded in the of minutes thereof on 04-05-2016 *(date)*.

Signature:

Title:

  
Chance



## **Sale of Special Obligation Bonds – Appalachian State University**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. Although a specific source of funding is used by an institution when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, state appropriations, and restricted reserves. Specific funding sources for the current capital project include an existing debt service fee and reserves (self-liquidating).

Appalachian State University (“Appalachian”) requests that the Board issue special obligation bonds (the “2019 Bonds”) in an amount not to exceed \$18,000,000 (plus up to 5% to pay for certain financing costs as permitted by State law) to finance the renovation of Sanford Hall. The General Assembly authorized the Sanford Hall renovation project under S.L. 2018-35, (H.B. 1054).

The 2019 Bonds will be sold on a negotiated basis to Wells Fargo Bank, N.A., as underwriter for the 2019 Bonds. Appalachian selected the underwriter through a competitive RFP process.

Appalachian currently has an issuer credit rating of “Aa3” with a negative outlook from Moody’s Investor Service. This transaction is not expected to have any impact on Appalachian’s credit rating.

McGuireWoods LLP is bond counsel, and First Tryon Advisors is the financial advisor.

### **RECOMMENDATION**

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bonds through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL  
OBLIGATION BONDS TO FUND SPECIAL OBLIGATION BOND PROJECTS  
FOR APPALACHIAN STATE UNIVERSITY**

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

WHEREAS, Appalachian State University (“Appalachian”) has requested the Board to issue special obligation bonds, the proceeds of which are to be used by Appalachian for the Sanford Hall Complete Renovation & Modernization as authorized by S.L. 2018-35 of the 2018 Session Laws of the North Carolina General Assembly (the “Special Obligation Project”); and

WHEREAS, the Board has determined to issue Appalachian State University General Revenue Bonds, Series 2019 (with appropriate designations and series designations) in one or more series (the “2019 Bonds”) in an aggregate principal amount not to exceed \$18,000,000 to pay all or a portion of the costs of the Special Obligation Bond Project, and not to exceed an additional 5% of such principal amount to pay the costs incurred in connection with the issuance of the 2019 Bonds; and

WHEREAS, the Board has determined to issue the 2019 Bonds under the General Trust Indenture, dated as of May 1, 2003 (the “General Indenture”), between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), and Series Indenture, Number 16, to be dated as of June 1, 2019 (the “Sixteenth Series Indenture” and, together with the General Indenture, the “Indentures”), between the Board and the Trustee; and

WHEREAS, the 2019 Bonds and other obligations issued under the General Indenture are payable solely from “Available Funds” as defined in the General Indenture; and

WHEREAS, Wells Fargo Bank, N.A. (the “Underwriter”) will agree to purchase all of the 2019 Bonds pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Underwriter; and

WHEREAS, there have been made available to the Board forms of the following documents (hereinafter collectively referred to as the “Board Documents”), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Sixteenth Series Indenture;
2. the form of the 2019 Bonds, as set forth in the Sixteenth Series Indenture;
3. the Purchase Agreement; and
4. the Preliminary Official Statement (the “Preliminary Official Statement”) relating to the 2019 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “Official Statement”), relating to the 2019 Bonds.

WHEREAS, the issuance of the 2019 Bonds does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State to levy or to pledge any taxes

## APPENDIX Q

to pay the cost, in whole or in part, of the Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

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

Section 1. Sufficiency of Available Funds. The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2019 Bonds.

Section 2. Authorization of Bonds. The Board hereby authorizes and approves the issuance of the 2019 Bonds in an aggregate principal amount not to exceed \$18,000,000 under the General Indenture and the Sixteenth Series Indenture, plus not to exceed an additional 5% of such principal amount to pay the costs incurred in connection with the issuance of the 2019 Bonds. The 2019 Bonds may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the Senior Vice President for Finance and Administration and CFO of the UNC System, or his designee, in consultation with the appropriate officers at Appalachian, determine to be in the best interest of the UNC System and Appalachian.

Section 3. Authorization of Board Documents. The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the UNC System (collectively, the "Authorized Officers") are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as any Authorized Officer may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2019 Bonds (including, but not limited to, the setting of interest rates, whether fixed rate to one or more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and the Board Documents as executed.

Section 4. Authorization of Preliminary Official Statement and Official Statement. The form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the sale of the 2019 Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System are hereby authorized, empowered and directed to execute and deliver the Preliminary Official Statement and the Official Statement for and on behalf of the Board, in connection with the sale of the 2019 Bonds in substantially the form and content of the Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as the President of the UNC System and the Senior Vice President for Finance and Administration and CFO of the UNC System may deem necessary, desirable or appropriate. The execution of the Purchase Agreement by any of the officers listed above shall constitute conclusive evidence of the Board's approval of such documents, and any and all such changes, modifications, additions or deletions

## APPENDIX Q

therein. The use of such Preliminary Official Statement and Official Statement by the Underwriter in connection with the sale of the 2019 Bonds to investors is hereby authorized, approved and confirmed.

Section 5. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary for the issuance and sale of the 2019 Bonds. The Authorized Officers are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2019 Bonds. Any provision in this Resolution that authorizes more than one officer to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

Section 6. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 7. Effective Date. This Resolution is effective immediately on the date of its adoption.

**SECRETARY'S CERTIFICATE  
OF AUTHENTICATION**

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

I, Meredith McCullen Steadman, Acting Secretary of the University of North Carolina System, DO HEREBY CERTIFY that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of the University of North Carolina System at its meeting on May 22, 2019 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on May 22, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on May 22, 2019, at which time the foregoing Resolution was adopted.

WITNESS, my hand and the seal of the University of North Carolina System this \_\_\_\_ day of May, 2019.

[SEAL]

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Meredith McCullen Steadman, Acting Secretary of the  
University of North Carolina System

*CODE*

## Appendix 1 -

## DELEGATIONS OF DUTY AND AUTHORITY TO BOARDS OF TRUSTEES

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## VI. PROPERTY AND BUILDINGS

The board of trustees of a constituent institution shall be responsible, subject to policies of the Board of Governors and all legal requirements relative to the construction of state-owned buildings, for the following matters concerning campus capital construction projects which have been approved by the Board of Governors and authorized by the state of North Carolina: (1) the selection of architects or engineers for buildings and improvements requiring such professional services; (2) the approval of building sites; (3) the approval of plans and specifications; and (4) the final acceptance of all completed buildings and projects.<sup>1</sup>

The board of trustees shall be responsible to the Board of Governors for preparing and maintaining a master plan for the physical development of the institution, consistent with the total academic and service mission of the institution as defined and approved by the Board of Governors.

Any proposal involving the acquisition or disposition by an institution of any interest in real property shall be recommended by the board of trustees to and shall be approved by the Board of Governors; provided, that:

- (a) If a proposal involves acquisition or disposition of any interest in real property other than a leasehold, the board of trustees may authorize such a transaction with a value less than \$500,000, and the president may authorize such a transaction with a value less than \$750,000, without obtaining approval of the Board of Governors; and
- (b) If a proposal involves acquisition or disposition of a leasehold interest in real property, then the board of trustees may authorize such a transaction with annual value less than \$500,000 and a term of not more than 10 years, and the president may authorize such a transaction with annual value less than \$750,000 and a term of not more than 10 years, without obtaining approval of the Board of Governors;<sup>2</sup> and
- (c) If the president or a board of trustees of a constituent institution has been delegated additional authority by the Board of Governors to do so under Section 600.1.3 of the UNC Policy Manual, the president or board of trustees of a constituent institution may authorize acquisition or disposition of an interest in real property with a value greater than that listed in paragraphs (a) and (b), above, without obtaining approval of the Board of Governors.

The Board of Governors, under circumstances which it considers appropriate and following notice from it to the board of trustees, may take action necessary to effect the acquisition or disposition of an interest in real property which is related to or which affects the institution, without receipt of a recommendation from the board of trustees.<sup>3</sup>

All delegations of authority in this section are subject to any necessary authorizations and approvals from state officials and agencies.

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<sup>1</sup> See Section 600.1.1 of the UNC Policy Manual for additional detail.

<sup>2</sup> The value of an interest in real property shall, with respect to a leasehold interest, be deemed the annual rental value thereof.

<sup>3</sup> Board of trustees are authorized to delegate to their respective chancellors the power to authorize for the institutions the acquisition or disposition of any interest in real property valued at less than \$50,000, subject to any necessary approval from state officials and agencies, in accordance with Section 600.1.3 of the UNC Policy Manual.

200.6

Adopted 11/13/06

Amended 06/08/07

Amended 04/08/11

Amended 08/10/12

Amended 10/11/12

Amended 07/29/16

Amended 10/14/16

Amended 05/22/19

### Policy on Delegation of Authority to the President

I. Pursuant to N.C.G.S. § 116-11(13) and other North Carolina law as referenced herein, and notwithstanding *The Code* or any other Board of Governors policy,<sup>1</sup> the Board of Governors delegates the following authorities to the president of the University:

#### A. Human Resources

1. Authority to establish and administer a human resources program for employees exempt from the State Human Resources Act (N.C.G.S. Chapter 126).

a. “Human resources program” shall include such personnel actions related to the establishment of positions and the administration of salary ranges; recruitment, appointments, salaries, and salary adjustments; promotion and tenure; leave programs; performance management; non-faculty discontinuation, discipline, and discharge; and non-faculty grievance and appeals processes (§300.1.1, §300.1.2, and §300.2.1).

b. The president may approve management flexibility plans for Special Responsibility Constituent Institutions and may delegate limited authority for human resources actions to constituent institutions that are not authorized as Special Responsibility Constituent Institutions (§600.3.4).

c. Notwithstanding the above provisions, unless otherwise delegated:

(1) The Board of Governors shall retain authority over the appointments and compensation for the president, for the chancellors of the constituent institutions, for the chief executive officer of the UNC Health Care System, and for the UNC-TV executive director and general manager. (§300.1.1, *The Code* §500, N.C.G.S. §116-37(c), *The Code* §900, N.C.G.S. §116-37.1(c), and §1200.1).

(2) The Board of Governors shall retain authority over certain contract terms for athletic directors and head coaches of the constituent institutions (§1100.3).

(3) The president shall consult with the Board’s Committee on Personnel and Tenure on appointments and compensation for the senior officers of the UNC General Administration who report directly to the president.

(4) The Board of Governors shall retain authority over adjustments to base salary for permanent faculty and for employees exempt from the State Human Resources Act when the proposed amount (1) exceeds the established salary range or (2) exceeds twenty-five percent (25%) and twenty-five thousand dollars (\$25,000) of the compensation in effect at the end of the last fiscal year.<sup>2</sup>

2. Authority to approve all actions relating to the administration of the Optional Retirement Program (N.C.G.S. §135-5.1) and the Phased Retirement Program (§300.7.2).

3. The president shall report in writing on actions taken under the authority of these delegations to the appropriate committee of the Board of Governors no less than annually, or as otherwise requested by the chair of the Board of Governors or the chair of the Committee on Personnel and Tenure.

#### B. Governance

1. The authority to approve the initiation of a lawsuit in the name of the University if the action is for monetary relief and the amount in controversy is less than \$250,000. (§200.5)

2. The authority to settle potential or pending litigation by or against a constituent institution or the University of North Carolina, if the settlement is solely for monetary relief and the amount the University is to pay pursuant to the settlement is less than \$250,000 or, if the University is to receive a payment, the amount the University claimed is less than \$250,000 (§200.5).

3. Authority to approve the political activities of employees of the University who are candidates for or serving in public office (§300.5.1).

#### C. Reports

The authority to approve and submit any report the University or the Board of Governors is required to submit to the General Assembly, the State Board of Education or any other State or federal agency or officer.

#### D. Real Property

1. The power to authorize acquisition or disposition of the following interests in real property without obtaining approval of the Board of Governors, subject to any necessary approvals from state officials and agencies:

a. Any interest in real property, other than a leasehold, with a value less than \$750,000; and

b. A leasehold interest in real property with annual value less than \$750,000 and a term of not more than 10 years.

The president's authority may be exercised on behalf of the University of North Carolina System Office, affiliated entities, or the constituent institutions in the president's discretion<sup>3</sup> (Sections 600.1.3 and 600.1.3[R] of the UNC Policy Manual).

2. Authority to approve capital improvement projects funded entirely with non-General Fund money<sup>4</sup> that are projected to cost less than \$750,000 (Section 600.1.1 of the UNC Policy Manual).<sup>5</sup>

E. Institutional Trust Funds. Authority to delegate to the chancellors management of institutional trust funds (Sections 600.2.4 and 600.2.4.1 of the UNC Policy Manual).

II. The president will report all actions taken under the authority of the delegations in sections I.B., through I.E., to the appropriate committee of the Board of Governors either in writing before the next regular meeting of the Board of Governors or at the next regular meeting of the Board of Governors.

III. These delegations will remain in effect unless and until the Board of Governors rescinds them in whole or in part.

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<sup>1</sup> The Secretary of the University is authorized to annotate the referenced policies and regulations to cross-reference these delegations.

<sup>2</sup> The Board approved further authority delineations at the April 2015 meeting, see "Resolution to Delegate Limited Authority for Approval of Salary Adjustments to the President," and reaffirmed in March 2016 "Resolution of the Board of Governors Review and Approval of Proposed Salary Adjustments."

<sup>3</sup> The Board of Governors may delegate additional authority to the president or boards of trustees for real property transactions consistent with Section 600.1.3 of the UNC Policy Manual.

<sup>4</sup> This delegation shall be interpreted consistent with G.S. 143C-8-12.

<sup>5</sup> The Board of Governors may delegate additional authority to the president or boards of trustees for approval of capital improvement projects consistent with Section 600.1.1 of the UNC Policy Manual.

600.1.1

Adopted 11/14/97

Amended 06/08/01

Amended 06/14/13

Amended 05/22/19

**Policy on Design, Construction, and Financing of Capital Improvement Projects**

I. Authority. G.S. 143C-8-12 provides the Board of Governors with authority to approve certain expenditures for capital improvement projects that will be funded and operated entirely from non-General Fund money, including expenditures to plan, construct, and change the scope of such projects.

Additionally, G.S. 116-31.11 delegates to the Board of Governors the authority for the administration of design, construction, or renovation of buildings, utilities, and other property developments requiring the estimated expenditure of public money of \$2,000,000 or less. The Board is also authorized to delegate that authority to constituent institutions and affiliated entities of the University of North Carolina if an institution or affiliated entity is qualified under guidelines developed in consultation with the director of the budget and the State Building Commission. Pursuant to this authority, guidelines entitled "The University of North Carolina Design and Construction Guidelines" were implemented to provide assistance to the constituent institutions in the administration of the design and construction of capital improvement projects. Copies of the guidelines may be obtained at the UNC System Office.

Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-11(13), the Board of Governors adopts the following policy regarding authority of the president and boards of trustees to approve and administer certain capital improvement projects.

II. Approval of Certain Capital Improvement Projects

A. General Delegations of Authority to the President and Boards of Trustees for Approval of Certain Capital Improvement Projects.

1. The Board of Governors delegates to the president and the boards of trustees the power to approve capital improvement projects that are funded entirely with non-General Fund money that are projected to cost less than \$750,000.<sup>1</sup> The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

2. After the long-term financing of a capital improvement project has been approved in accordance with statutory requirements, the president may approve interim financing or bank loans as a means of short-term financing. The president shall report any such actions to the Committee on Budget and Finance at its next meeting.

B. Additional Delegations of Authority to the President and Boards of Trustees for Approval of Capital Improvement Projects.

1. The Board of Governors may delegate to the president additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.<sup>2</sup>

2. Upon request by the board of trustees of a constituent institution or affiliated entity and with the recommendation of the president, the Board of Governors may delegate to the board of trustees of a constituent institution or affiliated entity additional authority to approve capital improvement projects funded entirely with non-General Fund money that are projected to cost less than \$1,000,000.<sup>3</sup>

3. Should the Board of Governors delegate additional authority to one or more boards of trustees or affiliated entities consistent with paragraph 2., above, the president shall automatically receive authority to approve capital improvement projects at a level equal to the highest level of authority delegated to a board of trustees or affiliated entity. The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

4. The senior vice president for finance and administration, in consultation with the senior vice president and general counsel, shall establish the process by which a constituent institution may request and maintain delegated authority consistent with G.S. 143C-8-12 and other relevant state law. The minimum criteria a constituent institution must meet to receive and maintain authorization from the Board of Governors shall include, but not be limited to, performance of a written, comprehensive self-assessment that demonstrates:

a. The constituent institution has performed a written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

b. The chancellor has certified in writing that the constituent institution has the administrative, technical, and support resources necessary to properly carry out the delegated authority.

c. The constituent institution has a properly constituted and active campus capital project review committee comprised of individuals with sufficient technical expertise, strategic perspective and executive authority to perform the duties required herein.

d. The constituent institution has an individual on staff with substantial experience in managing capital improvement projects and the chancellor has designated that individual as the campus capital project coordinator.

e. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the planning, financing, and oversight of capital improvement projects.

f. An assessment team, assembled and led by the senior vice president for finance, has reviewed the constituent institution's self-assessment, has performed an on-site capabilities appraisal that confirms the institution's self-assessment, and has recommended delegation to the president.

Constituent institutions will be reviewed for re-authorization under this section on a periodic basis, to be established by the senior vice president for finance and administration.

5. Upon review in response to a request for re-authorization or in response to a report of noncompliance with this policy or its associated regulations, for good cause, and consistent with G.S. 143C-8-12 and other relevant state law, the president may revoke or suspend the authority of a constituent institution or take other remedial action as the president deems necessary and appropriate. Once authority has been revoked or suspended pursuant to this policy, all future capital improvement projects for the institution involved shall be completed in accordance with the General Statutes of North Carolina and the general delegations of authority provided for in section II of this policy.

III. Administration of Design and Construction of Certain Capital Improvement Projects. Delegations of the Board of Governors authority for the administration of design and construction of capital improvement projects requiring the estimated expenditure of public money of \$2,000,000 or less shall be in accordance with G.S. 116-31.11 and “The University of North Carolina Design and Construction Guidelines.”

IV. Procedures and Reporting Requirements. The senior vice president for finance and administration shall have general authority to establish such procedures and reporting requirements for constituent institutions and affiliated entities as may be prudent to enable implementation of this policy and associated regulations.

V. Other Matters

A. Effective Date. The requirements of this policy shall be effective on July 1, 2019.

B. Relation to Other Laws. This policy is designed to supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern capital improvement projects in the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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<sup>1</sup> This delegation of authority shall be interpreted consistent with G.S. 143C-8-12. See also Appendix 1 to *The Code* and Section 200.6 of the UNC Policy Manual.

<sup>2</sup> See endnote 1, above.

<sup>3</sup> See endnote 1, above.

**Leasing and Acquisition of Real Property Authority**

WHEREAS, the Board of Governors, pursuant to its authority under N.C.G.S. §§ 116-3, 116-11(13), 116-12, and 116-13, delegated on July 7, 1972, to the Board of Trustees of the constituent institutions the power to authorize acquisition or disposition by the institutions of any interest in real property valued at less than \$50,000 by obtaining the "necessary approvals from appropriate State officials and agencies, without first obtaining the approval of the Board of Governors": and

WHEREAS, the said delegation of July 7, 1972, was meant to include and has been implemented so as to include the power to authorize acquisition or disposition of real property by lease, subject to the established limitations; and

WHEREAS, there has not heretofore been delegated to the President any standing power to authorize, in behalf of General Administration, acquisition or disposition of real property by lease or otherwise; and

WHEREAS, the Department of Administration upon instructions of the Council of State, in order to promote greater efficiency within State government, has made certain recommendations with respect to further delegation of leasing authority within the University of North Carolina,

NOW, THEREFORE, the Board of Governors hereby:

1. Reaffirms its delegation of July 7, 1972, to the Board of Trustees of the constituent institutions, of the power to authorize acquisition or disposition by the institutions of any interest in real property, including a leasehold, valued at less than \$50,000, subject to any necessary approvals from State officials and agencies but without first obtaining the approval of the Board of Governors;<sup>1</sup>
2. Authorizes the Boards of Trustees of the constituent institutions to delegate to the chancellors of their respective institutions the power to authorize for their institutions acquisition or disposition by lease of an interest in real property valued at less than \$25,000, subject to any necessary approvals from State officials and agencies but without first obtaining the approval of the Board of Trustees of the pertinent institution or of the Board of Governors;
3. Empowers the President to authorize for General Administration acquisition or disposition by lease of an interest in real property valued at less than \$25,000, subject to any necessary approvals from State officials and agencies but without first obtaining the approval of the Board of Governors; and
4. Declares that for purposes of this resolution the value of an interest in real property with respect to a lease shall mean the annual rental thereof.

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<sup>1</sup>Pursuant to NCGS §116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors delegates certain authorities to the President of the University. See Policy 200.6, *Delegation Authority to the President of the University*, adopted 11/13/06.

**Policy on Authority for Real Property Transactions**

I. Pursuant to its authority under G.S. 116-3, 116-11(13), 116-12, 116-13, 116-31.12,<sup>1</sup> and other North Carolina law, and consistent with Appendix 1 of *The Code* and Section 200.6 of the UNC Policy Manual, the Board of Governors adopts the following policy regarding authority to acquire and dispose of interests in real property.

II. General Delegations of Authority to the President and Boards of Trustees

A. The Board of Governors delegates to the president the power to authorize acquisition or disposition of the following interests in real property without obtaining approval of the Board of Governors:

1. Any interest in real property, other than a leasehold, with a value less than \$750,000; and
2. A leasehold interest in real property with annual value less than \$750,000 and a term of not more than 10 years.

The president's authority may be exercised on behalf of the University of North Carolina System Office, affiliated entities, or the constituent institutions in the president's discretion.

B. The Board of Governors delegates to the boards of trustees of the constituent institutions the power to authorize acquisition or disposition by the institutions of the following interests in real property without obtaining approval of the Board of Governors:

1. Any interest in real property, other than a leasehold, with a value less than \$500,000; and
2. A leasehold interest in real property with annual value less than \$500,000 and a term of not more than 10 years.<sup>2</sup>

C. The boards of trustees of the constituent institutions are authorized to delegate to the chancellors of their respective institutions the power to authorize for their institutions acquisition or disposition of an interest in real property valued at less than \$50,000,<sup>3</sup> without obtaining the approval of the board of trustees of the pertinent institution or of the Board of Governors.

D. All delegations of authority in this section are subject to any necessary approvals from State officials and agencies.

III. Additional Delegations of Authority to the President and Boards of Trustees

A. The Board of Governors may delegate to the president of the University of North Carolina additional authority to acquire and dispose of an interest in real property other than a lease if valued at less than \$1,250,000, and/or, consistent with G.S. 116-31.12, to acquire and dispose of real property by lease if the lease is valued annually at less than \$1,000,000 and has a term of not more than 10 years. The president's authority may be exercised on behalf of the University of

North Carolina System Office, its affiliates, or the constituent institutions in the president's discretion.

B. Upon request by the board of trustees of a constituent institution and with the recommendation of the president, the Board of Governors may delegate to the board of trustees of a constituent institution additional authority to acquire and dispose of an interest in real property other than a lease if valued at less than \$1,000,000, and/or, consistent with G.S. 116-31.12, to acquire and dispose of real property by lease if the lease is valued annually at less than \$750,000 and has a term of not more than 10 years.

C. Should the Board of Governors delegate additional authority to one or more boards of trustees consistent with paragraph B., above, the president shall automatically receive authority at a level equal to the highest level of authority delegated to a board of trustees. The president's authority may be exercised on behalf of the UNC System Office, affiliated entities, or the constituent institutions in the president's discretion.

D. The senior vice president for finance and administration, in consultation with the senior vice president and general counsel, shall establish the process by which a constituent institution may request and maintain delegated authority consistent with G.S. 116-31.12 and other relevant law. The minimum criteria a constituent institution must meet to receive and maintain authorization from the Board of Governors shall include, but not be limited to, performance of a written, comprehensive self-assessment that demonstrates:

1. The constituent institution has performed a written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
2. The chancellor has certified in writing that the constituent institution has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
3. The constituent institution has a properly constituted and active campus property review committee comprised of individuals with sufficient technical expertise, strategic perspective and executive authority to perform the duties required herein.
4. The constituent institution has an individual on staff with substantial experience in managing commercial real estate transactions and the chancellor has designated that individual as the campus property officer.
5. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the development, evaluation and execution of commercial leasing transactions.
6. An assessment team, assembled and led by the senior vice president for finance and administration, has reviewed the constituent institution's self-assessment, has performed an on-site capabilities appraisal that confirms the institution's self-assessment, and has recommended delegation to the president.

Constituent institutions will be reviewed for re-authorization under this section on a periodic basis, to be established by the senior vice president for finance and administration.

E. Upon review in response to a request for re-authorization or in response to a report of noncompliance with this policy or its associated regulations, for good cause, and consistent with G.S. 116-31.12 and other relevant state law, the president may revoke or suspend the authority of a constituent institution or take other remedial action as the president deems necessary and appropriate. Once authority has been revoked or suspended pursuant to this policy, all future real property transactions for the institution involved shall be completed in accordance with Chapter 146 of the General Statutes of North Carolina and the general delegations provided for in section II of this policy.

IV. Procedures and Reporting Requirements. The senior vice president for finance and administration shall have general authority to establish such procedures and reporting requirements for constituent institutions and affiliated entities as may be prudent to enable implementation of this policy and associated regulations.

V. Other Matters.

A. Effective Date. The requirements of this policy shall be effective on July 1, 2019.

B. Relation to Other Laws. This policy is designed to supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern the acquisition and disposition of real property in the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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<sup>1</sup> G.S. 116-31.12 delegates to the Board of Governors of the University of North Carolina the authority to authorize the constituent institutions and the University of North Carolina System Office to acquire and dispose of real property by lease if the lease is for a term of not more than 10 years. The statute directs the Board of Governors to establish a policy by which this leasing authorization may be further delegated to the boards of trustees of the constituent institutions or to the president of the University of North Carolina.

<sup>2</sup> Pursuant to G.S. 116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors delegates certain authorities to the president of the University. See Section 200.6 of the UNC Policy Manual.

<sup>3</sup> The value of an interest in real property shall, with respect to a leasehold interest, be deemed the annual rental value thereof.

600.1.3.1

Adopted 01/14/11

Amended 10/11/12

Repealed 05/22/19

**Policy on Acquisition and Disposition of Real Property by Lease****I. Authority**

N.C. Gen. Stat. § 116-31.12 (hereinafter G.S.) delegates to the Board of Governors of the University of North Carolina the authority to authorize the constituent institutions and the University of North Carolina General Administration to acquire and dispose of real property by lease if the lease is for a term of not more than ten (10) years. Further, the statute directs the Board of Governors to establish a policy by which this leasing authorization may be further delegated to the boards of trustees of the constituent institutions or to the President of the University of North Carolina.

**II. Policy**

A. The Board of Governors may delegate to the President of the University of North Carolina authority consistent with G.S. 116-31.12 to acquire and dispose of real property by lease if the lease term is for a term of not more than 10 years. The President's authority may be exercised on behalf of General Administration, its affiliates or the constituent institutions in the President's discretion.

B. Upon request by the Board of Trustees of a constituent institution and with the recommendation of the President, the Board of Governors may delegate to the Board of Trustees of a constituent institution authority consistent with G.S. 116-31.12 to acquire and dispose of real property by lease if the lease term is for a term of not more than 10 years.

C. The Vice President for Finance, in consultation with General Counsel, shall establish the process by which a constituent institution may request delegated authority consistent with G.S. 116-31.12. The minimum criteria a constituent institution must meet to receive authorization from the Board of Governor's shall be:

1. The constituent institution has performed a written, comprehensive self-assessment that demonstrates it has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
2. The chancellor has certified in writing that the constituent institution has the administrative, technical, and support resources necessary to properly carry out the delegated authority.
3. The constituent institution has a properly constituted and active campus property review committee comprised of individuals with sufficient technical expertise, strategic perspective and executive authority to perform the duties required herein.
4. The constituent institution has an individual on staff with substantial experience in managing commercial real estate transactions and the chancellor has designated that individual as the campus property officer.

5. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the development, evaluation and execution of commercial leasing transactions.

6. An assessment team, assembled and led by the Vice President for Finance, has reviewed the constituent institution's self-assessment, has performed an on-site capabilities appraisal that confirms the institution's self-assessment, and has recommended delegation to the President.

D. Upon recommendation of the President of the University of North Carolina, for good cause and consistent with G.S. 116-31.12, the Board of Governors may revoke or suspend the authority of a constituent institution or take other remedial action as the Board deems necessary and appropriate, pending a review of any reported noncompliance with this policy and the associated regulations. The Vice President for Finance, in consultation with the General Counsel, shall establish the process by which such reports shall be investigated and for the implementation of any revocation or suspension. Once authority has been revoked pursuant to this policy, all future lease transactions for the institution involved shall be completed in accordance with Chapter 146 of the General Statutes of North Carolina and any delegations issued in accordance therewith.

600.3.1

Adopted 09/13/91

Amended 09/09/94

Amended 09/08/95

Amended 09/13/96

Amended 05/22/97

Amended 11/13/98

Amended 08/13/99

Amended 02/13/04

Amended 11/12/04

Amended 05/11/07

Amended 10/12/07

Amended 09/09/11

Amended 06/14/13

Amended 05/22/19

**Policy on Selection Criteria and Operating Instructions for Special Responsibility  
Constituent Institutions**

I. Achieving and Retaining Status as a Special Responsibility Constituent Institution. Management staffing standards and internal controls and safeguards.

A. Responsibilities of Special Responsibility Constituent Institutions. The following standards and safeguards must be met and maintained in order to receive and retain the designation as a special responsibility constituent institution:

1. The chancellor/executive director must assume personal responsibility and also establish the appropriate administrative and internal control procedures for carrying out the special delegations of authority. In this regard, the chancellor/executive director must certify that the administrative capability on campus in the areas of budgeting and accounting, personnel, and purchasing, as noted in 2., 3., and 4., below, are sufficient to carry out the increased flexibility being granted.
2. The capability of the staff and the system of budgeting, accounting and internal controls must be sufficient to administer the increased budget flexibility given to the designated institutions.
3. The personnel capacity, which must be exercised under the direction of appropriate administrative officials, must be available on campus to evaluate jobs, classify positions appropriately, set compensation properly, and carry out the related functions of position management at the level of authority provided by the delegation.
4. The on-campus expertise must be available to purchase properly the equipment, supplies, and other goods and services for the institution up to the benchmark level established by the Board of Governors for the institution pursuant to N.C. Gen. Stat. § 116-31.10 (hereinafter G.S.).
5. The institution must maintain its financial records in such a manner that there are no significant findings in the annual financial audit reports, special reports, electronic data the State Auditor's Office.

6. Chancellors/executive directors may delegate the authority for approving departmental plans for expenditures authorized under budget flexibility, but may not delegate the authority below the level of the appropriate vice chancellor.
  7. The chancellors/executive directors shall review an annual internal audit report on expenditures authorized under budget flexibility, if that audit is deemed necessary based on the annual risk assessment performed by the internal auditor.
  8. The chancellor shall ensure that procedures and support systems are in place to provide for the effective operation and maintenance of all existing campus buildings and infrastructure. Procedures shall also be in place to assure proper accountability and safeguarding of all fixed assets and other items purchased by the University.
- B. Responsibilities of the President and the Board of Governors. The president is directed to establish the administrative procedures necessary to carry out the following rules:
1. The president and the president's staff shall review the annual financial audit reports, special reports, electronic data processing reports, performance reports, management letters, or any other report issued by the State Auditor's Office for each special responsibility constituent institution.
  2. The president shall take immediate action regarding reported weaknesses in the internal control structure, deficiencies in the accounting records, and noncompliance with rules and regulations. In any instance where significant findings are identified, the president shall notify the chancellor/executive director of the particular special responsibility constituent institution that the institution must make satisfactory progress in resolving the findings, as determined by the president of the University, after consultation with the State Auditor, within a three-month period commencing with the date of receipt of the published financial audit report, any other audit report, or management letter.
  3. If satisfactory progress is not made within a three-month period, the president shall recommend to the Board of Governors at its next meeting that the designation of the particular institution as a special responsibility constituent institution be terminated until such time as the exceptions are resolved to the satisfaction of the president of the University of North Carolina, after consultation with the State Auditor. However, once the designation as a special responsibility constituent institution has been withdrawn by the Board of Governors, reinstatement may not be effective until the beginning of the following fiscal year at the earliest.
  4. Any actions taken by the Board of Governors with respect to withdrawal or reinstatement of an institution's status as a special responsibility constituent institution shall be reported immediately to the Joint Legislative Education Oversight Committee.
  5. The president and the president's staff, after consultation with the State Auditor, shall review and consult with the director of the Office of State Personnel and the director of the Division of State Purchasing and Contracts in ascertaining whether or not a constituent institution has the management staff and internal financial controls to administer the additional authorities authorized under G.S. 116-30.2, 116-30.4, and 116-31.10. Such review and consultation must take place no less frequently than once each biennium.

## II. Budget Administration

### A. Appropriations to Special Responsibility Constituent Institutions

1. All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of the University of North Carolina System shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made.
2. Notwithstanding G.S. 143C-6-4, each special responsibility constituent institution may expend the General Fund monies so appropriated to it in the manner deemed by the chancellor/executive director to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors including but not limited to the following:
  - a. A current institutional expenditure plan for each budget code must be established and maintained under the direction of the chancellor/executive director.
  - b. No action shall be taken that would materially change the capability of the institution to carry out its educational mission as defined by the Board of Governors. The Board of Governors will retain program responsibility. No actions taken should have the effect of either establishing a new academic, research, or public service program or closing such a program without the specific approval by the Board. Reallocation of academic program resources should not be made to the extent that a particular existing program is seriously weakened or effectively discontinued, or a new activity not expressly authorized by the Board of Governors is initiated.
  - c. Reallocations of interinstitutional program resources should not be made to the extent that campus participation in a particular program is materially weakened without specific approval by the Board.
  - d. No action should be taken which would have the effect of establishing a new community service or student financial aid program without specific approval by the Board of Governors.
  - e. Appropriations providing support for distance education/extension degree credit instruction at off-campus locations cannot be reallocated for other purposes without specific approval by the Board of Governors.
3. The quarterly allotment procedure established pursuant to G.S. 143C-6-3 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution.
4. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions.
5. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions.

B. Reversions and Carry-Forward of Appropriations. Of the General Fund current operations appropriations credit balance remaining in each budget code of a special responsibility constituent institution, at the close of a fiscal year, any amount of the General Fund appropriations for that budget code, may be carried forward by the institution to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (2½%) of the General Fund appropriation. The director of the budget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in each budget code of each institution

III. Personnel Administration. The chancellor of a special responsibility constituent institution, when the chancellor finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with:

A. State personnel policies and procedures if these positions are subject to the and if the institution is operating under the terms of a Performance Agreement or a Decentralization Agreement authorized under Chapter 126 of the General Statutes; or

B. Policies and procedures of the Board of Governors if these positions are exempt from the State Human Resources Act.

C. The results achieved by establishing and abolishing positions pursuant to the conditions set forth in subsection A., of this section, shall be subject to postauditing by the Office of State Human Resources.

D. With respect to personnel actions taken under subsection B., of this section, no action should have the effect of either establishing a new academic program or administrative unit or closing an existing academic or inter-institutional program or administrative unit. No action should be taken which permanently reduces the number or amount of Regular Term budgeted teaching positions supported by General Fund appropriations thereby changing the student-faculty ratio or the budgeted average teaching salary established by the Board of Governors.

E. Implementation of all personnel actions shall be subject to the availability of funds within the institution's current budget to fund the full annualized costs of these actions.

IV. Purchasing

A. Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than \$500,000. The Board shall set the benchmark for each institution from time to time. In setting an institution's benchmark, the Board shall consider the institution's overall capabilities including staff resources, purchasing compliance reviews, and audit reports. The Board shall also consult with the director of the Division of Purchase and Contract and the director of the Budget prior to setting the benchmark.

B. Institutions with an expenditure benchmark greater than \$250,000 but not greater than \$500,000 shall submit to the Division of Purchase and Contract for that Division's approval, or other action deemed necessary by the Division, a copy of all offers received and the institution's recommendation of award or other action. Notice of the Division's decision shall be sent to that institution. The institution shall then proceed with the award of contract or other action recommended by the Division.

C. The power and authority granted to the Board of Governors with regard to the acquisition, operation, maintenance and disposition of real and personal property and services shall be subject to, and exercised in accordance with, the provisions of Chapters 143 and 146 of the North Carolina General Statutes and related sections of the North Carolina Administrative Code, except when a purchase is being made that is not covered by a State term contract and either:

1. The funds used to procure personal property or services are not moneys appropriated from the General Fund or received as tuition or, in the case of multiple fund sources, moneys appropriated from the General Fund or received as tuition do not exceed 30 percent of the total funds; or
2. The funds used to procure personal property or services are contract and grant funds or, in the case of multiple fund sources, the contract and grant funds exceed 50 percent of the total funds.

D. When a special responsibility constituent institution procures personal property or services under condition A. or B., above, the special responsibility constituent institution is delegated the authority to procure the property or services without approval by the Board of Governors, and the requirements of Chapter 143, Article 3 shall apply, except the approval or oversight of the Secretary of Administration, the State purchasing officer, or the Board of Awards shall not be required, regardless of dollar value.

E. Special responsibility constituent institutions shall have the authority to purchase equipment, materials, supplies, and services from sources other than those certified by the Secretary of Administration on term contracts, subject to the following conditions:

1. The purchase price, including the cost of delivery, is less than the cost under the State term contract;
2. The items are the same or substantially similar in quality, service, and performance as items available under State term contracts;
3. The cost of the purchase shall not exceed the benchmark established under G. S. 116-31.10; and
4. The special responsibility constituent institution notifies the Department of Administration of purchases consistently being made under this provision so that State term contracts may be improved.

F. All special responsibility constituent institutions are authorized to contract with service providers under arrangements that provide for the receipt of funds electronically pursuant to the provisions in G.S. 116-40.22(e).

V. Impact on Education. Each special responsibility constituent institution shall include in its institutional effectiveness plan those assessment measures that are determined by the Board to be measures that will assure some standard measure of student learning and development in general undergraduate education. The intent of this requirement is to measure the impact of G.S. 116-30.1 through G.S. 116-30.5, establishing and administering special responsibility constituent institutions, and their implementation on undergraduate student learning and development. The measures shall be taken from accountability reports to the Board and any other performance measures developed for this purpose by the Board.

VI. Reporting Requirements; Monthly Report. Each designated institution must prepare a monthly operating report for each budget code in the format of the current BD-701 report. The "Authorized Budget" included in this report, which may be changed under the direction of the chancellor/executive director, will show the institution's current expenditure plan. The current Chart of Accounts will be used for reporting purposes.

VII. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of its adoption the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

**Request for Authorization to Establish a  
Bachelor of Science in Sustainability Studies  
(B.S., CIP 30.3301) at  
Elizabeth City State University**

**I. Program Highlights**

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- The goal of Elizabeth City State University's proposed Bachelor of Science in Sustainability Studies degree program is to prepare students for career options in the green job market and advanced studies or graduate programs. The curriculum would provide broad interdisciplinary knowledge and skills required to address linkages between environmental, human, and technological systems that impact sustainability-related problems. Students would utilize real-world problems as a platform to solve and design solutions.
- The proposed degree program will require 120 credit hours for completion. The curriculum consists of 35 general education credits, 54 core credits, nine free elective credits, and 22 concentration elective credits. Students may select concentration credits from three areas: environmental technology, behavioral health, or sustainability entrepreneurship.
- Twenty full-time students and five part-time students are projected in the first year. Forty full-time students and 10 part-time students are projected by the fourth year.
- No new full-time faculty positions are requested. Current faculty are adequate to administer the proposed degree program.
- No enrollment increase funds or tuition differential will be sought to support the proposed degree program.
- The resources of ECSU's library are adequate to support the proposed degree program.
- The facilities are adequate to support the proposed degree program.

**II. BOG Academic Program Planning Criteria (UNC Policy 400.1)**

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1. **Existing Programs (Number, Location, Mode of Delivery).** Two other institutions in the UNC System offer a program related to sustainability studies. Appalachian State University has a BA degree and a BS degree in sustainable development, as well as a BS degree in sustainable technology, offered on campus. North Carolina State University also offers a BS degree in sustainable materials and technology on its campus.
2. **Relation to Campus Distinctiveness and Mission.** The proposed sustainability studies degree program supports the mission of ECSU by promoting "economic, social, and environmental progress for the people of northeastern North Carolina, the state, and the nation." The interdisciplinary design of the proposed program aligns with the mission to "advance the natural and aviation sciences." The university has a rich legacy of curriculum, faculty scholarship, sponsored projects, community outreach, and programmatic activity related to sustainability.

The 2014-2019 strategic plan goal two, objective 2.3 is directly related to the proposed degree program. Goal two states: "Strengthen academic quality by promoting a climate of intellectual excellence through delivering high quality educational programs." Objective 2.3 states: "Offer market-responsive educational, cultural, and economic development programs that contribute to

the academic core of the university.” The overall goal of the new degree program is to enhance the economic and social well-being of our local region, state, and nation.

Sustainability initiatives were formally initiated at ECSU in 2012 through the development of the Office of Sustainability. A recent outcome of this office has been the development of the Sustainability & Resilience Advisory Board, which examines the installation of campus reflection zones, virtual power purchase agreements, Tree Campus USA designation, Human Food Chain Project, and a campus food pantry.

3. **Demand (local, regional, state).** Because sustainability studies is an emerging, interdisciplinary degree, there is not a track record of labor market demand in North Carolina that is specific to the degree. However, we can examine the occupational success of UNC System graduates from related degree programs using data from NC TOWER. The percentage of 2010-2011 graduates who were either employed in NC or attending graduate school in NC one-year post-graduating ranged from 60% to 89%. Seven years after graduation, most were still employed in NC. Median wages after six years (latest data available) ranged from \$35,029 (Environmental Studies) to \$59,925 (Operations Management).
4. **Potential for Unnecessary Duplication.** Appalachian and NC State University offer on-campus programs in sustainability. Given their locations in the western and central parts of the state, respectively, ECSU is uniquely positioned to serve students in the northeastern region.
5. **Employment Opportunities for Graduates.** The Bureau of Labor Statistics, through the National Center for Occupational Network Development, examined the impact of green economy-related activities on occupations. They identified 64 occupations that are projected to increase in demand (Green Increased Demand Occupations), 62 occupations that will require workers to increase their knowledge, skills, and abilities (Green Enhanced Skill Occupations), and 45 new occupations that will be created (Green New and Emerging Occupations). The proposed degree program would allow graduates to pursue employment or graduate education where required. Most of these occupations are expected to grow at a rate between 10% and 14%, as compared to the average rate of seven percent expected for all occupations.
6. **Faculty Quality and Number.** No new full-time faculty positions are requested. The proposed degree program would not require any additional faculty or resources. Four faculty members have received specific training in the proposed sustainability-related areas and would be able to teach the four new proposed courses. Except for the four new courses, all the remaining courses required for the program are currently offered under other academic programs. As a result, it will not have any negative impact on existing programs, faculty load, or schedule.
7. **Availability of Campus Resources (library, space, etc.)** ECSU’s library resources and services are fully equipped to provide high quality information for students who enroll in the proposed sustainability studies degree program. All ECSU students have automatically generated student accounts, which include off campus access to our databases and online journal subscriptions. Students will have access to the library’s collection and interlibrary loan services. Additionally, the library provided each student an account with Refworks to help them organize research and create citations. Every academic department has an assigned liaison librarian, and this liaison is responsible for course-related research/scholarly activities (subject) guides accessible through

## APPENDIX Y

the library's website. The library provides access to on-demand local and statewide research assistance delivered via email, chat, and text, and will use a variety of face-to-face interactive portals, such as Skype, Go-To-Meeting, and Google Hangout, if needed by the student for more intensive assistance.

The delivery of library resources and services has been adapted to include information literacy instruction, websites, video, tutorials, television, and blogs. A librarian is available to aid students. Students are permitted to browse various websites and have access to specific music resources, including scores, books, recordings, compact discs, DVDs, and textbooks. Furthermore, the library is being expanded and digital access is being upgraded throughout the institution to improve wireless access and Internet speed to ensure an enhanced online experience.

Facilities at ECSU are adequate to support the proposed degree program. The institution provides classrooms with integrated learning technology, as well as comprehensive student support (academic and non-academic) such as textbook rental, library, printing, communications, and safety. The facilities are sufficient to accommodate an expansion of the student population in relation to the proposed sustainability studies degree program.

- 8. Relevant Lower-level and Cognate Programs.** The supporting fields needed to support the proposed degree program are already in place and do not require expansion.
- 9. Impact on Access and Affordability.** No enrollment increase funds or tuition differential will be sought to support the proposed degree program.

Tuition and fees for fall 2018 and spring 2019 are as follows:

### Undergraduate Residents (In Dollars)

Credit Hours	12-18	Annual
NC Resident (Non-Boarding)	500	1,000
Non-Resident (Non-Boarding)	2,500	5,000
University Fees	2,630	5,260
Total NC Resident (Non-Boarding)	3,131	6,262
Total Non-Resident (Non-Boarding)	5,131	10,262
Total Tuition, Fees, Room, and Board (Resident)	7,193	14,386
Total Tuition, Fees, Room, and Board (Non-Resident)	9,193	18,386

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

**10. Expected Quality.** The measures used to evaluate the proposed degree program will include enrollment, student acquisition of program learning outcomes, graduation rates, student internships, and employment within six months of graduation.

**11. Feasibility of Collaborative Program.** ECSU faculty members Dr. Mehran Elahi and Dr. Jeffrey Rousch have worked on a grant with faculty members at NC State University. They also received renewable energy training at NC State University. As a result of this collaboration, several courses have been developed at ECSU: ENSC 300 – Global Seminar: Environment and Sustainability; ENGT 200 – Introduction to Renewable Energy Technologies; ENGT 225 – Intro to Bioenergy; ENGT 250 – Intro to Wind and Hydro Power Systems; and ENGT 300 – Solar Photovoltaic Systems.

ECSU faculty members Dr. Kuldeep Rawat and Dr. Scott Bradshaw have attended multiple energy summits hosted at Appalachian, where they had ample opportunity to interact with academic and industry leaders in sustainability studies. Collaborations will continue with NC State University and Appalachian to further develop and enhance the concentrations of the proposed degree program.

**12. Other Considerations.** None.

### **III. Summary of Review Processes**

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**Campus Review Process and Feedback.** The proposal was reviewed by the ECSU faculty, department and university curriculum committees, the provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, ECSU provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. Reviewers evaluated the requests and did not request further information.

### **IV. Recommendation**

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It is recommended that the Board of Governors approve ECSU's request to establish a Bachelor of Science in Sustainability Studies degree program (CIP 30.3301) to enroll students starting fall 2019.

**Request for Authorization to Establish a  
Bachelor of Science in Health Services Management  
(B.S., CIP 51.0701) at  
North Carolina Agricultural and Technical State University**

**I. Program Highlights**

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- North Carolina Agricultural and Technical State University's proposed BS in Health Services Management degree program would prepare graduates for employment in the health services field and/or entrance into graduate programs.
- The proposed degree program would require 120 credit hours, including general education courses (32 credit hours), pre-requisite courses (11 credit hours), major courses (60 credit hours), and electives (17 credit hours).
- The proposed degree program would be delivered on campus.
- One hundred and fifty full-time students are projected in the first year. Five hundred and ten full-time students are projected in the fourth year.
- Two new full-time faculty positions and an administrative staff position are requested to teach new courses and administer the proposed degree program. The new faculty positions would include a program coordinator.
- Enrollment growth funding will be required to support the additional faculty and staff needs as the program meets its target enrollments.
- No tuition differential will be sought to support the proposed degree program.
- The resources of North Carolina A&T State University's Bluford Library are adequate to support the proposed degree program.
- The facilities of Noble and Hines Hall are adequate to support the proposed degree program.

**II. BOG Academic Program Planning Criteria (UNC Policy 400.1)**

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1. **Existing Programs (Number, Location, Mode of Delivery).** There are eleven institutions in North Carolina that offer programs in health services/care management, including four in the UNC System and eight private institutions. The institutions are:
  - Appalachian State University
  - Campbell University
  - Fayetteville State University
  - Gardner Webb University
  - Methodist University
  - Miller-Motte College – Wilmington
  - Pfeiffer University
  - South University – High Point
  - The University of North Carolina at Charlotte
  - University of Mount Olive
  - Winston-Salem State University
2. **Relation to Campus Distinctiveness and Mission.** The proposed degree program aligns with N.C. A&T's Strategic Plan, *Preeminence 2020*, by offering high-quality education to a diverse group of undergraduate students who will assume roles in health care, increasing the number of health

care professionals in the state and contributing to health promotion and outcomes for North Carolinians. It would support N.C. A&T's mission to serve the community, as well as the College of Health and Human Sciences' mission to provide exemplary teaching, devoted mentoring, interdisciplinary research, and dedicated service that promote health and wellness with a special focus on those who are underserved.

3. **Demand (local, regional, state).** Nationally, a Georgetown study resulted in the projection of more than three million jobs in the United States in the next decade. This is consistent with a report from the Employment Security Commission of North Carolina, which estimates that eight out of 10 of the fastest growing jobs in the state will be in healthcare. In addition, the Bureau of Labor Statistics projects that the health care and social assistance sector will add nearly four million jobs by 2026, about one-third of all new jobs (BLS Employment Projections 2016-2026).
4. **Potential for Unnecessary Duplication.** While there are four health care/services management/administration programs offered in the UNC System, the proposed degree would reflect changing industry competencies in technology, information, and data management.
5. **Employment Opportunities for Graduates.** According to the Bureau of Labor Statistics, the projected growth rate for medical and health services managers in North Carolina is 19.3%, faster than the average for all occupations (7%). Potential employment opportunities include practice and program managers, medical coders, patient service managers, managing directors, healthcare representatives (medical device or pharmaceutical sales), health insurance operations managers, medical/business office managers, health navigators, billing managers, and case managers, among others.

A review of job postings for health services managers suggests that high recruitment efforts are underway in the Piedmont Triad, Charlotte Metropolitan, and Research Triangle. Notable employers include UNC Health System, Duke, Novant, Carolinas Healthcare system, Wake Forest Baptist Health, WakeMed, Cone Health and Missions Health System. In addition to the health care industry, others likely to hire graduates include social service and community organizations, pharmaceutical companies, and marketing firms.

6. **Faculty Quality and Number.** Two new faculty members, including a program coordinator, will be needed to administer the proposed degree program and teach new courses. In addition, a new administrative staff position will be needed. Based on enrollment projections, additional faculty positions may be added in years two through four. N.C. A&T administration has agreed to provide these full-time equivalent (FTE) positions.
7. **Availability of Campus Resources (library, space, etc.)** The Bluford Library provides materials and services to support programs in the College of Health and Human Science. The resources are adequate to offer a solid foundation for the proposed degree program. The library's collection totals more than 617,309 bound volumes, 125,358 e-books, and 152,130 e-journals. Over 350,000 microforms are also immediately accessible and create an extensive journal research collection across the curriculum.

Current facilities in Noble and Hines Hall are adequate to support the proposed degree program. As enrollment grows, additional teaching classrooms may be needed. Eventually, a fully online or

## APPENDIX Y

hybrid program may be developed, which would reduce the future need for additional classroom space.

- 8. Relevant Lower-level and Cognate Programs.** The proposed degree program would use existing general education courses to complete the general education requirements. The program will use existing courses in the College of Business and Economics and the College of Health and Human Sciences in addition to requiring new courses. The N.C. A&T College of Business will also contribute to the course offerings of the new degree program.
- 9. Impact on Access and Affordability.** Enrollment growth funding will be required to support the additional faculty and staff needs as the program meets its target enrollments. No tuition differential will be necessary.

Tuition and fees for Fall 2018 and Spring 2019 are as follows:

### Undergraduate Residents (Per Semester; In Dollars)

	12+ Credit Hour
Tuition – NC Resident	1,770
University Fees	2,830
Total Tuition & Fees	4,600
Board	1,804
Lodging	2,005
Total Tuition, Fees, Board, & Lodging In-State Student	8,409

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

### Undergraduate Non-Residents (Per Semester; In Dollars)

	12+ Credit Hour
Tuition – Non-NC Resident	8,375
University Fees	2,830
Total Tuition & Fees	11,205
Board & Lodging	3,809
Total Tuition, Fees, Board, & Lodging In-State Student	15,013

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

**10. Expected Quality.** Review of the proposed degree program would occur during year four and would initiate a formal six-year review cycle as prescribed by a certifying agency. Metrics that would be used to evaluate the proposed program include student acquisition of learning outcomes, enrollment, hours earned, grade point averages, internships, licensure/certifications, graduation rates, and job placement.

**11. Feasibility of Collaborative Program.** N.C. A&T, located approximately 40 miles east of Winston-Salem, is in an ideal position to collaborate with Winston-Salem State University (WSSU). The opportunities for cooperation were discussed by the head of the WSSU Department of Health Care Management and the Dean of the N.C. A&T College of Health and Human Sciences. N.C. A&T is willing to reach out to NC community colleges to offer a degree completion program that would allow students with associate in arts degrees to transfer to a four-year institution. The university has existing affiliate agreements with Forsyth Technical Community College and Guilford Technical Community College.

N.C. A&T anticipates partnerships with the University of North Carolina at Greensboro and High Point University to provide students with an interdisciplinary educational experience to prepare them to work collaboratively with other health care professionals.

**12. Other Considerations.** None.

### **III. Summary of Review Processes**

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**Campus Review Process and Feedback.** The proposal was reviewed by the N.C. A&T faculty, department and university curriculum committees, provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, N.C. A&T provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. Reviewers evaluated the requests and did not request further information.

### **IV. Recommendation**

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It is recommended that the Board of Governors approve N.C. A&T's request to establish a Bachelor of Science in Health Services Management degree program (CIP 51.0701) to enroll students starting Fall Semester 2019.

**Request for Authorization to Establish a  
Master of Science in Occupational Science  
(M.S., CIP 51.2306) at  
The University of North Carolina at Chapel Hill**

**I. Program Highlights**

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- The University of North Carolina at Chapel Hill's proposed MS in Occupational Science degree program will provide graduates with a strong understanding of the importance of being engaged in activity of health and quality of life and to understand the various factors that transact to influence health and wellbeing in diverse populations.
- The Department of Allied Health Science at UNC-Chapel Hill has housed a Ph.D. in Occupational Science since 2007. The Division of Occupational Science and Occupational Therapy would like to create a master's degree in occupational science. Currently, the doctoral program in occupational science does not offer a master's degree option for students. Therefore, there is the potential that students who do not advance successfully to the candidate stage of the doctoral program leave the University without a degree, despite having completed at least two years of coursework. This program would allow doctoral students the option of earning a master's degree en route to a Ph.D., a common feature in other doctoral programs at UNC-Chapel Hill. The proposed degree would only be offered to students who have been admitted to the doctoral program in occupational science.
- The proposed degree program will require a minimum of 30 credit hours of graduate course credit. This will include completion of four courses in occupational science (12 credits) and at least five additional graduate level courses, including at minimum two research methods courses, approved by the director of the doctoral program. In addition, a master's thesis substitute project must be approved by the faculty advisor and the director of the doctoral program. The thesis substitution must be a thesis-quality paper, which can be a theoretical or data-driven manuscript appropriate for submission to a scholarly journal.
- It is anticipated that few students admitted to the Ph.D. program will not advance to the candidate stage and of those who successfully advance to the candidate stage, few will choose to pursue the master's option. The M.S. option will be available for these rare situations. Three full-time students are projected in the first year. Three full-time students are projected by the fourth year.
- No new full-time faculty positions are requested. Current faculty are adequate to administer the proposed degree program.
- No enrollment increase funds or tuition differential will be sought to support the proposed degree program.
- The resources of UNC-Chapel Hill's library are adequate to support the proposed degree program.
- The facilities are adequate to support the proposed degree program.

**II. BOG Academic Program Planning Criteria (UNC Policy 400.1)**

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1. **Existing Programs (Number, Location, Mode of Delivery).** There are no other public or private institutions in North Carolina offering the MS in Occupational Science.
2. **Relation to Campus Distinctiveness and Mission.** The proposed MS in Occupational Science is consistent with the missions of UNC-Chapel Hill, the School of Medicine (SOM), and the

Department of Allied Health Sciences (DAHS). The curriculum would focus on educating graduates to “improve the health and wellbeing of North Carolinians and others” (SOM) and “enhance the quality of life for all people in the State” (UNC-Chapel Hill). The proposed degree program will provide graduates with a strong understanding of the importance of being engaged in activity of health and quality of life and to understand the various factors that transact to influence health and wellbeing in diverse populations. Consistent with the UNC-Chapel Hill mission, the proposed degree program aims to educate students to “become the next generation of leaders” (UNC-Chapel Hill). The curriculum has a component related to professional development for an academic career.

3. **Demand (local, regional, state).** The need for health care providers is increasing across the nation and across North Carolina. Occupational therapy (OT), as a health care profession, thus continues to be in great demand. According to Bureau of Labor and Statistics (2016), OT is projected to grow 21% over the next decade, a much faster than average job growth rate. Additionally, according to *US News and World Report* (2017), OT ranks #23 of 100 best jobs.

There are a number of trends in health care driving this increased demand for services. First, as the large baby-boom generation ages and the average life expectancy increases, the number of older adults living in the community is increasing. OTs provide home health services, including home modifications to enable “aging in place,” older driver safety, low-vision rehabilitation, and dementia care services, including caregiver training and coaching. Second, the increased number of people living with chronic health conditions, such as arthritis and diabetes, has resulted in the need for OT in primary care settings to address habits and routines and to develop adaptations for successful participation in daily activities. Third, the number of individuals diagnosed with autism spectrum disorder entering schools and community life is increasing. Therefore, the need for OTs in public school settings, employment, post-secondary education settings, and other community venues is increasing. Last, the number of people receiving treatment in hospitals and skilled nursing facilities for conditions such as stroke, traumatic brain injury, cancer, and spinal cord injury continues to grow; currently nearly half of OTs are employed in these settings. However, with anticipated changed in health care, the proposed degree program can educate practitioners poised to address the needs of clients in the home setting.

Students receiving the proposed MS in Occupational Science will have completed more extensive research coursework than students graduating from a professional program. These individuals will be more prepared to be practitioner-scholars who have the skills to do research in clinical settings, write grants, and develop and oversee innovative programming than those with a professional degree.

4. **Potential for Unnecessary Duplication.** Currently this degree is not offered at any other public or private four-year institution of higher education in North Carolina.
5. **Employment Opportunities for Graduates.** Occupational therapy and health care services are increasingly reliant on practitioners with a balance of research skills with clinical experience. There is a great need for practitioners who have training in research methods and have a deep understanding of occupational science theory who can help generate and translate research. Practitioner scholars with more extensive research experience are highly valued in health-care systems and as research assistants in academic settings. The MS in Occupational Science will allow

## APPENDIX Y

our students to successfully compete for these jobs and increase their earning power if they must leave the Ph.D. program early.

6. **Faculty Quality and Number.** No new full-time faculty positions are requested. The proposed degree program would not require any additional faculty or resources.
7. **Availability of Campus Resources (library, space, etc.)** The proposed degree program will not require any changes to the library system, nor would it result in any changes with respect to the utilization of existing library resources. Currently, the library provides adequate resources for the Ph.D. program.

The facilities needed are the same as currently used by the Ph.D. program. Therefore, the proposed degree program would not require any changes to the facilities now or in the future.

8. **Relevant Lower-level and Cognate Programs.** Students in the current Ph.D. program take courses in many different departments and schools for their research and cognate courses. The most common courses are in: Department of Allied Health Sciences, School of Education, and College of Arts and Sciences (Anthropology, Psychology, Sociology). These courses are sufficient, and no expansion is necessary for the proposed program.
9. **Impact on Access and Affordability.** No enrollment increase funds or tuition differential will be sought to support the proposed degree program.

Tuition and fees for Fall 2018 and Spring 2019 semesters are as follows:

Graduate Tuition (Per Semester; In Dollars)

Credit Hours	9 and above
Tuition (Residents)	8,797
Tuition (Non-Residents)	17,402
University Fees	982
Total (Residents)	9,779
Total (Non-Residents)	18,384

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

- 10. Expected Quality.** The proposed degree program would be evaluated at the end of the 3rd year. Each year, data on the number of students enrolled in the program and the number of students graduating from the program would be recorded. It is not anticipated that many, if any, students will opt for the MS option.
- 11. Feasibility of Collaborative Program.** Given that there are no other institutions in North Carolina offering the proposed MS in Occupational Science degree program, there are no opportunities for collaboration.
- 12. Other Considerations.** None.

### III. Summary of Review Processes

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**Campus Review Process and Feedback.** The proposal was reviewed by the UNC-Chapel Hill faculty, department and university curriculum committees, the provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, UNC-Chapel Hill provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. Reviewers evaluated the requests and did not request further information.

### IV. Recommendation

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It is recommended that the Board of Governors approve UNC-Chapel Hill's request to establish a Master of Science in Occupational Science degree program (CIP 51.2306) to enroll students starting spring 2019.

**Request for Authorization to Establish a  
Master of Science in Bioinformatics and Computational Biology  
(M.S., CIP 26.1103) at  
The University of North Carolina at Chapel Hill**

**I. Program Highlights**

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- The University of North Carolina at Chapel Hill's proposed MS in Bioinformatics and Computational Biology degree program will train students to become sophisticated, interdisciplinary researchers using state-of-the-art computational methods to advance biological discovery. In 2008, the University of North Carolina at Chapel Hill established a Ph.D. Curriculum in Bioinformatics and Computational Biology (BCB). However, as with any Ph.D. program, there have been cases in which students have completed a significant portion of the Ph.D. requirements, but for various reasons needed to leave the program. The BCB curriculum currently has no mechanism to recognize the accomplishments of these students. Therefore, UNC-Chapel Hill is requesting the establishment of a Master of Science in Bioinformatics and Computational Biology.
- The proposed degree program will require a minimum of 30 credit hours of graduate course credit. These include the BCB core courses (seven credit hours), four semesters of the BCB Colloquium (four credit hours) and 12 credit hours of electives, and research credits.
- This degree would be reserved for students who complete the requirements for the MS en route to the Ph.D. but need to leave the program or who remain enrolled in the Ph.D. program but who require the MS credential for professional reasons. The degree would require that the student: 1) completes the first-year requirements of biological and biomedical sciences program, 2) completes the core BCB course requirements, 3) completes 4 semesters of the BCB colloquium, 4) passes the BCB written qualifying exam at the master's level, and 5) completes a master's thesis or master's project. Both the thesis and project require a written report of research completed by the student.
- We anticipate that few students admitted to the Ph.D. program will not advance to the candidate stage and, of those who successfully advance to the candidate stage, few will choose to pursue the master's option. The MS option will be available for these rare situations. One full-time student is projected in the first year. One full-time student is projected by the fourth year.
- No new full-time faculty positions are requested. Current faculty are adequate to administer the proposed degree program.
- No enrollment increase funds or tuition differential will be sought to support the proposed degree program.
- The resources of UNC-Chapel Hill's library are adequate to support the proposed degree program.
- The facilities are adequate to support the proposed degree program.

**II. BOG Academic Program Planning Criteria (UNC Policy 400.1)**

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1. **Existing Programs (Number, Location, Mode of Delivery).** There are two institutions in the UNC System offering MS and Ph.D. degrees in bioinformatics. North Carolina State University offers both the MS in Bioinformatics and the Ph.D. in Bioinformatics. The University of North Carolina at Charlotte offers the MS in Bioinformatics and the Ph.D. in Bioinformatics and Computational Biology.

2. **Relation to Campus Distinctiveness and Mission.** The proposed MS in Bioinformatics and Computational Biology is consistent with the missions of UNC-Chapel Hill and the School of Medicine (SOM). The curriculum would prepare graduates to “improve the health and wellbeing of North Carolinians and others” (SOM) and “enhance the quality of life for all people in the State” (UNC-Chapel Hill).
3. **Demand (local, regional, state).** Biotechnology, biomedical research, and health care services are becoming increasingly reliant on the ability analyze large data sets. Therefore, there is a need for workers who have training in data analytics and are knowledgeable in the biomedical sciences. The proposed degree program will allow our students to successfully compete for these jobs and increase their earning power. What distinguishes a master’s degree in bioinformatics and computational biology from a general degree in data science is the biological training and training in computational approaches unique to biology.
4. **Potential for Unnecessary Duplication.** The proposed master’s degree program will primarily be used as an exit strategy for students already enrolled in the Ph.D. Curriculum in Bioinformatics and Computational Biology (BCB) who are unable to complete the requirements of the Ph.D. degree. While it also will be available as an en route degree, it is not anticipated that many students will use this option. In this respect, the new degree program will not compete with or change the demand for the two existing programs at NC State University or UNC Charlotte.
5. **Employment Opportunities for Graduates.** The need for health care providers is increasing across the nation and across North Carolina. The proposed degree program would provide graduates with training in data analytics who can serve residents of the state through various health care systems.
6. **Faculty Quality and Number.** There is no need for new faculty. All courses required for the master’s degree exist, and because all students in the master’s program will have previously been admitted to the BCB Ph.D. curriculum, there will not be an increased demand for these classes.
7. **Availability of Campus Resources (library, space, etc.)** The UNC-Chapel Hill Health Sciences Library (<http://www.hsl.unc.edu/>) provides adequate holdings to support the research and instructional needs of the proposed degree.

No new facilities are needed to support the proposed degree program. Students would have access to all the facilities currently available to the BCB Ph.D. program. Because all students in the proposed master’s degree program will have already been enrolled in the Ph.D. curriculum, the existing facilities are adequate to accommodate these students.

8. **Relevant Lower-level and Cognate Programs.** The multidisciplinary nature of the BCB curriculum naturally leads to interactions with many different programs in the biological and physical sciences. For example, BCB faculty come from 15 different departments within the School of Medicine, College of Arts and Sciences, Dental School, and School of Pharmacy. The BCB curriculum relies on courses taught by these departments for the electives taken by BCB students.

## APPENDIX Y

- 9. Impact on Access and Affordability.** No enrollment increase funds or tuition differential will be sought to support the proposed degree program.

Tuition and fees for Fall 2018 and Spring 2019 semesters are as follows:

Graduate Residents (Per Semester; In Dollars)

Credit Hours	9 and above
Tuition	5,122
Fees	985
Total	6,106

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

Graduate Non-Residents (Per Semester; In Dollars)

Credit Hours	9 and above
Tuition	13,727
Fees	985
Total	14,712

Tuition and fees represent costs for full-time students. Part-time students have fewer costs.

- 10. Expected Quality.** The proposed degree program would be evaluated at the end of the 3rd year. Metrics that would be used to evaluate the program include: 1) number of master's degrees awarded, 2) time to graduation, and 3) job placement. Students receiving a terminal master's degree would be given an exit interview to determine the reasons for leaving the BCB curriculum prior to completion of the Ph.D. and to assess their level of satisfaction with the program.
- 11. Feasibility of Collaborative Program.** UNC-Chapel Hill did not pursue collaborations directly related to the master's degree, because it is not anticipated that many students will use this option (less than one student per year). However, research collaborations are being pursued with UNC Charlotte, including a joint workshop on computational medicine. Many UNC-Chapel Hill faculty in bioinformatics and computational biology currently collaborate with faculty at NC State University.
- 12. Other Considerations.** None.

### **III. Summary of Review Processes**

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**Campus Review Process and Feedback.** The proposal was reviewed by the UNC-Chapel Hill faculty, department and university curriculum committees, provost, and chancellor. Approval was obtained at all levels.

**UNC System Office Review Process and Feedback.** Throughout the review process, UNC-Chapel Hill provided relevant information pertaining to program requirements and resources. The institution submitted appropriate documentation and research to support its statements. Reviewers evaluated the requests and did not request further information.

### **IV. Recommendation**

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It is recommended that the Board of Governors approve UNC-Chapel Hill's request to establish a Master of Science in Bioinformatics and Computational Biology degree program (CIP 26.1103) to enroll students starting spring 2019.

**Request for Authorization to Discontinue  
Academic Degree Program**

**Elizabeth City State University – BA in Sociology – (CIP 45.1101)**

The Bachelor of Arts in Sociology program is recommended for discontinuation due to low enrollment.

The Department of Social and Behavioral Sciences will convene a mandatory meeting for all students currently enrolled in the program to share information about the discontinuation and discuss key components of the teach-out plan, including the timeline. Information will also be shared with students via e-mail and the university's website. Two faculty members assigned to the program will be reassigned to other programs in the Department of Social and Behavioral Sciences. Staff will continue to support other departmental programs.

**The University of North Carolina at Charlotte – BA in Architecture – (CIP 04.0201)**

The Bachelor of Arts in Architecture Program is recommended for discontinuation to meet the goals of the UNC Charlotte 2015-2020 Strategic Plan to “clarify pre-professional and professional degree programs” and to reduce redundancy in teaching plans/course offerings. The School of Architecture plans to achieve this by focusing on its professional accredited program.

The School of Architecture will advise students of the teach-out plan and address student application processes. Current juniors and seniors will have a choice to apply to the MA in Architecture program or complete the BA in Architecture Program. Freshmen and sophomores will be advised that the BA in Architecture is being discontinued and guided toward the MA in Architecture. All courses required for the BA in Architecture will be offered through the spring of 2021 to ensure students can access required coursework.

No faculty or staff members will be impacted by the discontinuation of the program.

**Request for Authorization to Discontinue and Consolidate  
Academic Degree Program**

**Elizabeth City State University – BA in Communication Studies – (CIP 09.0101)**

The Bachelor of Arts in Communication Studies program is recommended for discontinuation due to low enrollment. The curriculum will be offered as a minor/concentration in the BA in English program.

The Department of Language, Literature, and Communication will convene a mandatory meeting for all students currently enrolled in the program to share information about the discontinuation and discuss key components of the teach-out plan, including the timeline. Information will also be shared with students via e-mail and the university's website. One faculty member assigned to the program will be reassigned to the digital arts program. Staff will continue to support other departmental programs.