



MEETING OF THE BOARD OF GOVERNORS
Committee on Budget and Finance

September 19, 2019 at 1:30 p.m.
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the May 21, 2019 Minutes Temple Sloan
- A-2. 2018-19 Annual Report of the Committee on Budget and Finance Clinton Carter
- A-3. 2019-21 Repairs and Renovations (R&R) Allocation Model Clinton Carter
- A-4. Data Modernization and Integration Program Report Clinton Carter
- A-5. Disposition of Property by Deed – NC State University Katherine Lynn
- A-6. Capital Improvement Projects Katherine Lynn
- A-7. Disposition of Property by Demolition – Appalachian State University Katherine Lynn
- A-8. Disposition of Property by Demolition – N.C. A&T State University Katherine Lynn
- A-9. Acquisition and Disposition of Property by Deed – NC State University Katherine Lynn
- A-10. Disposition of Property by Deed – UNC System Office Katherine Lynn
- A-11. Amendment to Millennial Campus Ground Lease – Western Carolina University Katherine Lynn
- A-12. Amendment to Use Agreement – UNC Pembroke Clinton Carter
- A-13. Sale of Revenue Bonds – UNC Hospitals Clinton Carter
- A-14. Sale of Special Obligation Bonds – UNC Asheville Clinton Carter
- A-15. Sale of Special Obligation Bonds – UNC Greensboro Clinton Carter
- A-16. Sale of Special Obligation Bonds – UNC Wilmington Clinton Carter
- A-17. Adjourn

DRAFT MINUTES

May 21, 2019
University of North Carolina
Center for School Leadership Building
Chapel Hill, North Carolina

This meeting of the Committee on Budget and Finance was presided over by Chair Temple Sloan. The following committee members, constituting a quorum, were also present in person or by phone: Carolyn Coward, Darrell Allison, Thomas H. Fetzer, and James L. Holmes, Jr. The following members were absent: W. Marty Kotis, III and Robert Rucho.

Chancellors participating were Phil Dubois and Randy Woodson.

Staff members present included Clinton Carter and others from the UNC System Office.

1. Call to Order and Approval of the March 21, 2019 Minutes (Item A-1)

The chair welcomed those in attendance and called the committee to order at 1:00 p.m., on Tuesday, May 21 2019, and called for a motion to approve the minutes of March 21, 2019.

MOTION: Resolved, that the Committee on Budget and Finance approve the minutes of January 18 and January 24, 2019, as distributed.

Motion: James L. Holmes, Jr.

Motion carried

2. Report on Need-Based Aid from Tuition and Tuition Bill Statement (Item A-2)

Mr. Clinton Carter noted to the committee that in 2014, the Board of Governors (Board) implemented a limit on need-based aid funding by tuition to 15 percent cap of an institution's total base tuition revenue. In addition, an annual report is required to be presented to the Committee on Budget and Finance.

Mr. Carter stated that all institutions were in compliance with the freeze and cap policy. Furthermore, four institutions were at or above the 15 percent and frozen, and 12 institutions were not frozen. Since implementation, 8 institutions increased, 3 decreased, and 5 did not change the amount of need-based aid from tuition.

Also in 2014, the tuition bill statements were revised. The statements provide increased transparency regarding the use of tuition and fees for each institution. This item was presented as information only.

3. FY 2018 UNC System Debt Capacity Study (Item A-3)

Mr. Carter introduced Michael Juby, managing director of First Tryon Advisors. Mr. Juby gave an overview of SL 2015-241 (H97), which requires the Board to advise stakeholders “on the estimated debt capacity of The University of North Carolina for the upcoming five fiscal years.”

The University and First Tryon partnered together to prepare the 2018 UNC System Debt Capacity Study. The study provided details of the University’s current debt load and capacity to borrow. In addition, the report included specific details of each UNC System institution.

MOTION: Resolved, that the Committee on Budget and Finance approve the 2018 UNC System Debt Capacity Study and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

4. Capital Improvement Projects – Appalachian, ECSU, NCCU, N.C. A&T, NC State, UNC Asheville, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, UNC Pembroke, and WSSU (Item A-4)

Ms. Katherine Lynn introduced a total of 29 capital improvement projects from 11 UNC System Institutions for approval. The projects included 9 advanced planning, 21 new, and 8 increased authorization projects.

MOTION: Resolved, that the Committee on Budget and Finance approve the capital improvement projects for Appalachian, ECSU, NCCU, N.C. A&T, NC State, UNC Asheville, UNC-Chapel Hill, UNC Charlotte, UNC Greensboro, UNC Pembroke, and WSSU and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

5. Approval of Capital Project for New Housing – UNC School of the Arts (Item A-5)

Mr. Carter presented the University of North Carolina School of Arts’ request for approval of a capital project for new housing. The proposed construction of a new residence hall would include 444 beds and would be located at the current Bailey Street Apartment site. The estimated project budget was \$46M and would be financed as self-liquidating debt, pending approval of the General Assembly.

MOTION: Resolved, that the Committee on Budget and Finance approve UNCSA’s request of a capital project for new housing and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

6. Acquisition of Property by Deed and Disposition of Property by Demolition – North Carolina Central University (Item A-6)

Ms. Lynn explained North Carolina Central University's request for the acquisition of property by deed and disposition of property by demolition. The acquisition of property includes seven properties located on Dupree Street and Lawson Street. The disposition of property would allow existing structures to be demolished in order to construct the new School of Business building.

Upon approval, these projects will be 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.

MOTION: Resolved, that the Committee on Budget and Finance approve NCCU's request for acquisition of property by deed and disposition of property by demolition and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

7. Disposition of Property by Demolition – North Carolina Central University (Item A-7)

Ms. Lynn presented NCCU's request for disposition of property to demolish existing structures as required for construction of the new student union center, the new school of business building, and the new student residence hall. The properties included in the demolition are Cecil Street, Fayetteville Street, S. Alston Avenue, Dupree Street, Lawson, and E. Lawson streets, all of which are located in Durham, NC.

Upon approval, the UNC System Office will coordinate with the Office of the State Budget and Management on the reallocation of the funds following approval by the General Assembly.

MOTION: Resolved, that the Committee on Budget and Finance approve NCCU's request for disposition of property by demolition and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: James L. Holmes, Jr.

Motion carried

8. Acquisition of Property by Lease – NC State University (Item A-8)

Ms. Lynn introduced North Carolina State University's request for acquisition of property by lease at University Towers Residence Hall, 111 Friendly Drive in Raleigh NC. The university does not currently have sufficient on-campus housing to meet demand. Approval of the lease would allow NC State to enter into a short-term lease for the 2019-20 academic year. The lease terms would provide rooms comparable to student rooms and same rates as on campus.

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

Motion: Thomas H. Fetzer

Motion carried

9. Acquisition of Property by Deed – UNC Pembroke (Item A-9)

Ms. Lynn presented The University of North Carolina at Pembroke's request for acquisition of property by deed. The property located adjacent to campus would support UNCP's Master Plan. The request acquires an eight-acre parcel located west of Prospect Road in Pembroke, NC. The estimated value of \$240,000 would be purchased with trust funds.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC Pembroke's request for acquisition of property by deed and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

10. Disposition of Property by Easement – UNC Pembroke (Item A-10)

Ms. Lynn introduced UNC Pembroke's request for disposition of property by easement to the Town of Pembroke for the purpose of installing utilities, which would grant permanent and temporary easement access in order to install and maintain future utilities.

The request included 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 would only be required during the time when utilities are being installed and repaired.

MOTION: Resolved, that the Committee on Budget and Finance approve UNCP's request for disposition of property by easement and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

11. Amendment to Millennial Campus Designation – Western Carolina University (Item A-11)

Ms. Lynn outlined Western Carolina University's request for an amendment to its Millennial Campus designation to accommodate an alternate location for its communication tower and remove the previous communication tower site located at the Brown Mountain/Reservoir Ridge. The new proposed location is south of Parking Lot 73, which is 1.36 acres and would replace the original proposed site of 1.34 acres.

MOTION: Resolved, that the Committee on Budget and Finance approve WCU's request for an amendment to its Millennial Campus designation and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

12. Authorization of Replacement Lines of Credit – UNC-Chapel Hill (Item A-12)

Mr. Carter presented UNC-Chapel Hill's request for authorization of replacement lines of credit with Royal Bank of Canada (RBC). The existing line of credit with RBC in the amount up to \$100,000,000 expires in September 2019. UNC-Chapel Hill held a competitive bid process to solicit proposals to renew or replace the RBC line. The campus requested authority 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.

MOTION: Resolved, that the Committee on Budget and Finance approve UNC-Chapel Hill's request for authorization of replacement lines of credit and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Thomas H. Fetzer

Motion carried

13. Authorization of Management Agreement – UNC Pembroke (Item A-13)

Mr. Carter explained UNC Pembroke's request to enter into (1) an amended use agreement in connection with the refinancing of the University Courtyard Apartments ("Courtyard Phase I") and (2) a management agreement in connection with the financing of a new phase of the housing facility consisting of approximately 196 apartment-style beds ("Courtyard Phase II"), all of which is owned by The UNCP Housing Foundation, LLC (the "Company").

UNC Pembroke's obligations under the existing master lease for Courtyard Phase I would not change, and the proposed amendment to the use agreement would 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 would 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. UNC Pembroke will have no financial obligation to support the Foundation's repayment of the 2019B Bond.

MOTION: Resolved, that the Committee on Budget and Finance approve UNCP's request for authorization of an amendment to the use agreement for existing housing project and a management agreement for new housing project and recommend them to the full Board of Governors for a vote through the consent agenda.

Motion: Darrell Allison

Motion carried

14. Sale of Special Obligation Bonds – Appalachian State University (Item A-14)

Mr. Carter introduced Appalachian State University's request for the issuance of special obligation bonds (the "2019 Bonds") in an amount not to exceed \$18,000,000 to (1) finance renovations to Sanford Hall and (2) pay the costs incurred in connection with the issuance of the 2019 Bonds.

MOTION: Resolved, that the Committee on Budget and Finance approve Appalachian's request for the president of the University, or his designee, be authorized to issue the special obligation bonds and recommend it to the full Board of Governors for a vote through the consent agenda.

Motion: Robert Rucho

Motion carried

15. Informal Construction Task Order Contracting – UNC Charlotte (Item A-15)

Mr. Carter introduced Elizabeth Hardin, the University of North Carolina at Charlotte's vice chancellor for business affairs and chief financial officer, to present a methodology that the campus uses for informal projects.

Ms. Hardin presented to the committee that UNC Charlotte has used Informal Construction Task Order Contracting (ICTOC) for informal projects of less than \$300,000 since 2009. She noted that the methodology saved time and money.

16. 2018-19 NC Promise Tuition Plan Annual Report (Item A-16)

Mr. Carter explained that the General Statute 116-143.11(d) required an annual report on the NC Promise Tuition Plan. The report includes the amount required to offset the foregone tuition receipts at each of the NC Promise institutions (Elizabeth City State University, UNC Pembroke, and Western Carolina University), how the funds were allocated, the number of enrolled resident students, and the number of enrolled nonresident students at each institution.

The 2018-19 report concluded that the NC Promise Program has been a success on multiple fronts. College affordability had increased, and ECSU, UNCP, and WCU had increased their enrollment and attracted higher quality students without lowering admission standards. The System Office expects the enrollment growth trend to continue as awareness of the NC Promise Program spreads and the universities remain below capacity.

17. Other Reports (Item A-17)

Mr. Carter noted to the committee that a number of routine reports were available. He briefly reviewed the reports below:

2017-18 UNC Consolidated Financial Report: The UNC System Financial Report has been prepared since fiscal year 2015 to provide additional information since fiscal year 2015 on the current financial status of the University. This report includes a consolidation of the University of North Carolina as a whole, a side-by-side comparison of institutional financial statements, selected disclosures, and other financially related information. In FY 2017-18, total UNC System revenue was \$11.9 billion and total expenses were \$11.1 billion.

Report of Facilities and Administration (F&A) Receipts, 2017-18: The UNC System has depended heavily on obtaining competitive grants and contracts to support research efforts. In recognition that research carries costs above and beyond the direct costs of the projects, federal agencies have included overhead funds in research grants and contracts. This report details the total facilities and administrative (F&A) funds received as well as the use of the funds. In 2017-18, the UNC System earned a total of \$267.2 million in facilities and administrative receipts and

expended a total of \$247.7 million. Of the total, \$53 million was expended to operate or maintain facilities constructed with or operated by general fund appropriations.

2017 Facility Inventory and Utilization Study: The annually published report provides the basis for a comparative assessment of space utilization for instructional purposes. The primary purpose of the Facilities Inventory and Utilization Study is to provide higher education administrators with a detailed statistical profile of the facilities of their own campuses and of the other colleges and universities in North Carolina.

Data Modernization Initiative Strategy and Implementation Plan – Progress Report: The report outlined that the UNC System is on track to meet the deliverables for Data Modernization and Integration (DMI). The DMI program is on target to add finance data to the existing UNC System data infrastructure within the projected four-year timeframe and with targeted additional investment requested by the UNC Board of Governors. The final report would be presented at the September meeting.

There being no further business, the meeting adjourned at 2:19 p.m.

Carolyn Coward, Secretary

AGENDA ITEM

A-2. 2018-19 Annual Report of the Committee on Budget and Finance..... Clinton Carter

Situation:	Each standing committee submits an annual report of its activities to the Board of Governors.
Background:	Under the UNC Policy Manual, Section 302 E of <i>The Code</i> , "Each standing committee shall make a written report to the Board of Governors at least annually, reviewing the work of the committee during the preceding year."
Assessment:	The Annual Report on the activities of the Committee on Budget and Finance for fiscal year 2018-19 is ready for review and submission.
Action:	This item requires a vote by the committee to accept the report for submission to the Board of Governors.

DUTIES AND MEMBERSHIP

The Committee on Budget and Finance advises and consults with the president and the chair of the UNC Board of Governors concerning budget policy and preparation; considers the budget proposed by the president, recommends modifications if needed, and approves the budget for consideration by the Board; makes recommendations to the Board for allocation of funds appropriated by the General Assembly; works with the Committee on Educational Planning, Policies, and Programs to ensure the proper funding of strategic objectives; and submits recommendations to the Board with respect to capital improvement projects, institutional borrowings, and property transactions, as well as other budgetary and financial matters within the jurisdiction of the Board of Governors. This report summarizes the work of the committee from July 2018 through June 2019.

The Committee on Budget and Finance was comprised of the following members: Darrell Allison, Carolyn Coward, Thomas H. Fetzner, James L. Holmes, Jr., W. Marty Kotis, III, Robert Rucho, and Temple Sloan. Mr. Sloan served as chair, Dr. Rucho served as vice chair, and Mrs. Coward served as secretary.

Chancellor Harold L. Martin, Sr. (N.C. A&T State University), Chancellor Philip L. Dubois (UNC Charlotte), and Randy Woodson (NC State University) were assigned to the committee.

ACTIONS

The Committee on Budget and Finance met nine times between July 1, 2018 and June 30, 2019, including a joint meeting with the Committee on Audit, Risk Management, and Compliance and a joint meeting with the Committee on Public Affairs. Also, the committee held a Tuition and Fees Workshop. The major actions of the committee are summarized as follows:

BUDGETS and ALLOCATIONS/TUITION and FEES

During the year, the committee made specific recommendations for consideration by the Board related to budget requests, allocations of funds, and adjustments of tuition and fee rates.

2018-19 Enrollment Funding Allocation:

The committee recommended the enrollment funding for FY 2018-19. The 2017 General Assembly fully funded the Board's enrollment change funding request by appropriating \$48,163,406 for 2018-19. This appropriation was made to an NC Office of State Budget and Management (OSBM) reserve account. A special provision in the 2017 Appropriations Act (Sec. 10.10) required that actual enrollment be verified following fall semester census and then the Board can allocate funds for the fiscal year, subject to the approval of the director of the budget. Spring semester funding would be based on a three-year average fall-to-spring retention of fundable credit hours. OSBM may advance funds to institutions to maintain operations until enrollment is verified. The recommended enrollment amounts for each institution was provided to the Board at its November meeting, at which time the allocation funding was approved.

Authorization of Tuition for 2019-20:

G.S. 116-143 requires that the Board of Governors of The University of North Carolina System fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of The UNC System. The Board recommended no tuition increases for undergraduate resident students. In addition, the 2016 General Assembly enacted a guaranteed tuition program that fixes tuition rates for first-time full-time resident undergraduates and transfer students that remain continuously enrolled for eight consecutive semesters or the equivalent number of remaining semesters for transfer students. Resident undergraduate tuition rates for 2019-20 only apply to the cohort of students that enroll in the fall of 2019. The chancellors and their boards of trustees requested tuition rate increases for nonresident undergraduate and graduate students consistent with legislative and UNC System Office guidelines.

Authorization of Fees for 2019-20:

The 2016 General Assembly enacted a provision that capped mandatory student fee increases (including debt service fees) to three percent per year. No increases were allowed for the campus security fee. In addition, no new special fees or increases to existing fees were allowed. There was one institution (UNC-Chapel Hill) that had an overall decrease in mandatory fees.

2019-21 Budget Priorities:

The committee recommended approval of the following:

	FY 2019-20	FY 2020-21
1. Summer Scholarships for Student Success*	10,000,000	12,000,000
2. Faculty Recruitment and Retention	10,000,000	15,000,000
3. Stronger Transfer Pathways with NCCCS*	4,450,000	4,450,000
	200,000 NR	
4. Data Modernization Initiative	1,000,000	2,000,000
	4,000,000 NR	5,000,000 NR
<i>*Joint request with the North Carolina Community College System</i>		
Other Targeted Priorities		
<i>Faculty and Staff Salary Adjustments</i>	<i>equity with state agencies</i>	
<i>NCSSM Western Campus Operations</i>	1,408,632	3,389,820
	25,928 NR	795,376 NR
<i>Doctoral Research Funding for N.C. A&T</i>	1,000,000	1,000,000
<i>Rural Residency Program at ECU</i>	1,447,000	2,592,000
<i>Innovation in Manufacturing Biopharmaceuticals at NC State</i>	2,000,000 NR	2,000,000 NR
<i>College of Health Sciences at UNCP</i>	1,100,000	2,100,000
<i>Lab School Operations (six institutions)</i>	500,000	500,000
Total Requested Operating Budget Increase	\$37,131,560	\$50,827,196
	1.28%	1.76%
Enrollment Changes	\$51,078,223	\$103,578,223
<i>Enrollment Growth - Regular (move from projected to actual)</i>	0	45,000,000
<i>Enrollment Growth - Summer (based on actual 2018 enrollment)</i>	43,578,223	43,578,223
<i>NC Promise Buy Down</i>	7,500,000	15,000,000
Building Reserves	\$5,716,728	\$23,781,389
Total Requested Operating Budget Increase	\$93,926,511	\$178,186,808
Including Enrollment and Building Reserves	3.24%	6.16%

Other Legislative (Non-Operating Budget) Agenda Items:

- Significant increase to Repair & Renovations (R&R, dedicated to deferred maintenance)
- Targeted Renewal Projects (Capital Projects - WCU Steam Plant, others)
- Redirect unallocated enrollment growth appropriations (FY18-19 only) toward NC Promise growth reserve fund

Deregulation Agenda Items:

- Carryforward (increase 2.5% threshold to 7.5% with increased portion dedicated to deferred maintenance)
- Restore institutional flexibility on salaries/positions

2018-19 Operating Budget Allocations:

The Committee on Budget and Finance recommended the 2018-19 operating budget allocations, including compensation funding, which met all of the directives cited in the Appropriations Act of 2018, the technical corrections bill [S.L. 2018-97 (Senate Bill 335)], and the related Joint Conference Committee Report. Many of the changes were made directly to each institution's continuation budget; however, the General Assembly appropriated \$20,026,393 in recurring funds to provide a salary increase to both EHRA and SHRA employees for the following purposes: merit, across-the-board, recruitment bonuses, retention increases, or other compensation increases. The recurring funds will impact the employee's base salary and retirement contributions. In addition, the General Assembly mandated that the annual salary of a permanent full-time University employee that is below the amount of \$31,200 shall be increased to that amount. A permanent part-time employee shall receive a prorated portion of \$31,200. Recurring funds of \$26,393 were included in the appropriation for salary increases to teachers at the NC School of Science and Mathematics in accordance with the teacher salary schedule. In addition to the salary increase, employees also received five days of bonus leave. The leave has no cash value and cannot be cashed in or counted toward retirement. These funds were appropriated to the UNC System Office, Institutional Programs (Board Reserve).

2018-19 Allocations from the Reserve for Repairs and Renovations:

Funds for Repairs and Renovations projects were recommended for approval by the Board for allocation to the institutions. For fiscal year 2018-19, the 2018 General Assembly appropriated \$64,798,930 to the statewide reserve for repairs and renovations, of which \$32,399,465 (one-half) was allocated to the Board of Governors, as shown below.

Institution	Amount
Appalachian State University	\$ 1,738,446
East Carolina University	2,767,091
Elizabeth City State University	2,324,885
Fayetteville State University	1,580,468
North Carolina A&T State University	1,393,521
North Carolina Central University	1,820,385
North Carolina State University	3,902,793
University of North Carolina at Asheville	1,559,700
University of North Carolina at Chapel Hill	4,060,204
University of North Carolina at Charlotte	1,800,520
The University of North Carolina at Greensboro	1,501,947
The University of North Carolina at Pembroke	725,702
University of North Carolina Wilmington	839,523
University of North Carolina School of the Arts	2,036,583
Western Carolina University	1,135,239
Winston-Salem State University	2,000,752
North Carolina School of Science and Mathematics	928,093
University of North Carolina System Office	283,613
TOTAL R&R ALLOCATIONS	\$32,399,465

2018-19 Capital Improvements Appropriations and Authorizations:

The General Assembly appropriated funds from the Capital Improvement Project Reserve for the following projects:

Institution	Project	Amount
NCCU	Business School	\$8,600,000
UNC Asheville	Owen Hall and Carmichael Hall Renovations	\$2,770,000
UNC Pembroke	Business School	\$6,000,000
UNC Wilmington	Planning funds for Library	\$5,500,000
WCU	Steam Plant Replacement	\$16,500,000
NCSSM	Construction of Campus Facilities – Morganton	\$15,000,000
TOTAL CAPITAL IMPROVEMENTS APPROPRIATION		\$54,370,000

2019 Non-Appropriated Capital improvement Projects:

Non-appropriated capital projects are financed by the University and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings. Legislative approval is required for the issuance of debt; these “self-liquidating” capital projects are approved by the legislature after the passage of the Appropriations Act. Legislative approval is not required for non-appropriated capital projects that do not require debt issuance.

Institution	Project	Total (\$)	Debt (\$)	Other Funds	Other Fund Source
Appalachian	Sanford Hall Complete Renovation and Modernization	\$18,006,545	\$18,000,000	\$6,545	\$84 Student Debt Fee
UNC-Chapel Hill	Translational Research Building	\$156,650,000	\$23,000,000	\$133,650,000	F&A
UNC-Chapel Hill	Parking Lot at S1 Lot (South Parking Deck)	\$14,443,516	\$6,782,516	\$7,661,000	UNC Hospitals (44%)/ Transportation Fee
UNC Charlotte	Residence Hall Phase XVI	\$58,500,000	\$34,000,000	\$24,500,000	Housing Fund (42%)/ Housing Receipts (58%)
UNC Greensboro	Ragsdale Mendenhall Residence Hall Renovations	\$12,800,000	\$8,000,000	\$4,800,000	Housing Fund (37%)/ Housing Receipts (63%)
UNC Pembroke	Campus Recreation/ Baseball Softball Outdoor Complex	\$5,591,667	\$4,400,000	\$1,191,667	Campus Recreation Fund (21%)/\$89 Student Debt Service Fee (79%)
UNC Wilmington	Parking Deck II and Surface Parking	\$24,264,700	\$20,420,000	\$3,844,700	Parking Fund (16%)/ Parking Receipts (84%)
TOTAL		\$290,256,428	\$114,602,516	\$175,653,912	

Capital Improvement Project – East Carolina University:

The committee and the Board approved East Carolina University’s request for authorization to use Special Indebtedness funding of \$6,783,039 from the School of Dental Medicine (SODM), to make renovations for the Dental School General Practice Residency program (GPR) in the ECU School of Medicine and to add an egress stair to address a high-rise code deficiency in the Brody Building.

Capital Improvement Projects Not Requiring Action by the General Assembly:

During the year, the committee recommended approval of capital improvement projects to be funded principally from non-appropriated funds. With Board approval, these projects would be reported to OSBM as non-appropriated projects that do not require any additional debt or burden on state appropriations.

There are 15 UNC System institutions that requested a total of 144 capital improvement projects: 19 projects for advanced planning, 89 new projects for authority, and 36 projects for increased authorization. The constituent institutions requesting authority include Appalachian, ECU, ECSU, N.C. A&T, NCCU, NC State, UNCA, UNCC, UNC-Chapel Hill, UNCG, UNCSA, UNCP, WCU, WSSU, and NC Arboretum. A summary of the approved projects is listed below. A detailed list of approved capital projects is included in Attachment 1.

Institution	Total # of Projects	Advanced Planning Authorization		New Project Authorization		Increased Authorization		Total Authorization
		#	Amount	#	Amount	#	Amount	
Appalachian	13	2	\$2,980,000	9	\$62,639,467	2	\$660,000	\$66,279,467
ECU	10	3	\$2,920,000	4	\$8,204,032	3	\$1,780,000	\$12,904,032
ECSU	2	0		1	\$988,299	1	\$311,701	\$1,300,000
FSU	0	0		0		0		
N.C. A&T	6	0		5	\$3,473,914	1	\$1,441,827	\$4,915,741
NCCU	4	0		4	\$4,102,446	0		\$4,102,446
NC State	33	6	\$5,290,000	24	\$31,149,020	3	\$2,674,800	\$39,113,820
UNCA	6	0		2	\$924,241	4	\$4,019,826	\$4,944,067
UNC-Chapel Hill	45	6	\$3,330,000	22	\$52,708,824	17	\$61,154,986	\$117,193,810
UNCC	6	1	\$1,950,000	4	\$13,950,000	1	\$700,000	\$16,600,000
UNCG	9	1	\$1,200,000	7	\$21,344,000	1	\$3,363,000	\$25,907,000
UNCP	1	0		0		1	\$1,368,065	\$1,368,065
UNCW	0	0		0		0		
UNCSA	3	0		2	\$48,383,000	1	\$500,000	\$48,883,000
WCU	1	0		1	\$773,000	0		\$773,000
WSSU	3	0		2	\$1,246,000	1	\$5,579,000	\$6,825,000
NC Arb.	2	0		2	\$2,413,448	0		\$2,413,448
UNC-TV	0	0		0		0		
TOTAL	144	19	\$17,670,000	89	\$252,299,691	36	\$83,553,205	\$353,522,896

PROPERTY

All property transactions, other than leases, of \$250,000 or more, require approval of the Board and, therefore, action by the Committee on Budget and Finance unless approved under the president's delegation up to \$500,000. Upon the approval of the Board, the committee staff forwards such items to the Council of State for final action. The following property transactions were recommended for approval.

Institution	Transaction Type	Transaction Description	Terms
Appalachian	Disposition by Ground Lease	Ground lease to P3 entity for new student housing to include 2,100 beds and 475 parking spaces	50 year (housing)/ 10 year (parking)
Appalachian	Acquisition by Deed	Expand Millennial Campus to include five additional sites (approximately .90 acres)	

Institution	Transaction Type	Transaction Description	Terms
ECU	Acquisition by Deed	Expand Millennial Campus to include three additional areas of approx. 207.76 acres (includes nine parcels and one road closure)	
ECU	Disposition by Easement	Provide permanent utility easements at three locations along Arlington Boulevard	Transfer to Greenville Utilities
ECU	Disposition by Easement	Provide permanent ROW easement at intersection of US 13 and NC Highway 43 to support road widening and other improvements	Transfer to NC DOT/ \$32,600
N.C. A&T	Acquisition by Deed/ Disposition by Demolition	Acquisition of seven properties with single-family residential structures to support new student housing building. Demolish seven single-family residential structures for construction of new student housing	Transfer from Foundation
N.C. A&T	Disposition by Demolition	Demolish thirteen single-family residences for construction of new student housing	
NCCU	Disposition by Easement	Provide ROW easement (approx. 0.92 acres) to allow for the development of the Durham-Orange Light Rail Transit System. Easement reverts to university if project not constructed as currently planned	Transfer to GoTriangle (reversionary if not constructed)
NCCU	Millennial Campus Designation	Designate approx. 32 acres on campus as Millennial Campus	
NCCU	Disposition by Ground Lease	Authorization of ground lease and related agreements to support new student housing facilities of approximately 1,270 beds	50 years or until bond paid in full
NCCU	P3 Predevelopment Agreement	Authorization to enter into predevelopment agreement with P3 developer to support new student housing facilities for 1,275 beds	
NCCU	Acquisition by Deed/Disposition by Demolition	Authorization to acquire property by transfer of deed from the NCCU Foundation to the university for three properties in Durham. Demolish three single-family residential structures to support new student housing	
NCCU	Disposition by Demolition	Demolish four existing campus structures to support new student housing	
NCCU	Supplemental Modification to Ground Lease	Modification to ground lease and related agreements for new P3 student housing to achieve investment grade rating for bonds	
NCCU	Acquisition by Deed/Disposition by Demolition	Acquisition of property by deed seven properties located on Dupree Street and Lawson Street and to demolish the existing structures for construction of the new School of Business building	
NCCU	Disposition by Demolition	Demolish existing single-family residential structures to support the construction of the Student Union Center, the School of Business building, and the student residence hall	
NC State	Acquisition by Lease	Lease three floors at University Towers Residence Hall to provide 390 additional beds (384 student beds, 6 residential advisor beds) to meet freshman student housing needs	One academic year (FY18-19), \$2,411,784/annually
NC State	Acquisition by Lease	Lease three floors at University Towers Residence Hall to provide 390 additional beds (384 student beds, 6 residential advisor beds) to meet freshman student housing needs	One academic year (FY19-20), \$2,411,784/annually
UNC-Chapel Hill	Disposition by Easement	Provide ROW easement (approx. 20 acres) to allow for the development of the Durham-Orange Light Rail Transit System. Easement reverts to university if project not constructed as currently planned	Transfer to GoTriangle (reversionary if not constructed)
UNC-Chapel Hill	Acquisition by Lease/Disposition by Sublease	Lease space at 123 W. Franklin Street, Chapel Hill for the Office of Innovation, Entrepreneurship and Economic Development in support of a new wet-lab accelerator facility. Sublease to third-party life sciences operating company for built-out and operation of wet lab accelerator facility	10 years/ \$1,088,000 per year, 2.5% annual escalation

Institution	Transaction Type	Transaction Description	Terms
UNC-Chapel Hill	Disposition by Demolition	Demolish Phillips Hall Annex to support construction of the Carroll Hall Addition for the School of Media and Journalism	
UNC-Chapel Hill	Disposition by Ground Lease	Authorize ground lease for construction of medical education center and clinic which will be leased to Mountain Area Health Care Education Center, Inc.	30 years, no renewal option
UNC-Chapel Hill	Disposition by Demolition	Demolish Berryhill Hall Building to support construction of new Medical Education Building	
UNC-Chapel Hill	Modification to Ground Lease	Amend ground lease with SECU Family House at UNC Hospitals to add +/-3.6 acres, build an additional 36 beds, expand exercise and walking trails, and extend the lease term by five years	
UNC Pembroke	Modification to Ground Lease/Modification to Use Agreement	Amend existing lease and related use agreements to permit expansion of the UNCP Foundation-developed University Courtyard Apartments. Provide two modifications to use agreement to support additional new student housing: (1) amend use agreement for refinancing of original student housing (Phase I) and (2) add management agreement for financing of new student housing (196 beds)	
UNC Pembroke	Acquisition by Deed	Authorization to purchase an eight-acre parcel located contiguous to university-owned property to support future development of UNCP.	Purchase from UNCP Foundation, \$240,000
UNC Pembroke	Disposition by Easement	Provide permanent utility easement (approx. 0.014 acres) and temporary construction easement (approx. 0.028 acres) for the purpose of installing utilities	Town of Pembroke
UNC Wilmington	Authorization of Ground Lease	Enter into ground lease and related agreements to support new student housing (approx. 1,800 beds) and construction of related parking and dining facilities	Not to exceed 50 years or until bond paid in full
WCU	Disposition by Ground Lease	Enter into subground lease and related agreements to support new student housing (approx. 500 beds) and related parking facilities	40 years with option to renew for 10 additional years
WCU	Amendment to Millennial Campus Designation	Amend Millennial Campus designation to provide alternate location for communication tower. The new proposed site is 1.36 acres and replaces the original proposed site, which was 1.34 acres	
WSSU	Disposition by Easement	Provide permanent utility and ROW easement (approx. 1 acre) and temporary construction easement (approx. 6 acres) to support greenway. Value of permanent easement is \$38,175. By statute, net proceeds are returned to the State Treasurer	\$38,175 (proceeds to State Treasurer)
NCSSM	Disposition by Demolition	Demolish 10 existing structures located on the North Carolina School for the Deaf site in Morganton to support the new NCSSM Morganton campus	

INSTITUTIONAL BORROWING

Special Obligation Bonds:

The Board of Governors is authorized to issue special obligation bonds for capital improvement projects 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. The committee recommended that the president of the University, or his/her designee, be authorized to sell the following special obligation bonds.

Institution	Special Obligation Bonds	Amount
Appalachian	Millennial Campus revenue bonds to (1) finance the construction of a mixed use project at the north end zone of the Kidd Brewer Stadium to replace the former Owens Field House and (2) pay the costs incurred in connection with the issuance of the 2018C Bonds	\$46,500,000
Appalachian	Special obligation bonds to (1) finance renovations to Sanford Hall and (2) pay the costs incurred in connection with the issuance of the 2019 Bonds	\$18,000,000
ECSU	Special obligation bonds to (1) refinance outstanding indebtedness to achieve interest rate savings and (2) pay the costs incurred in connection with the issuance of the 2019 Bonds	\$15,415,000
NCCU	Special obligation bonds to (1) finance construction of a new Student Center and (2) pay the costs incurred in connection with the issuance of the 2019 Bonds	\$48,000,000
UNC-Chapel Hill	Special obligation bond issued under the University of North Carolina System Commercial Paper Bonds to finance additional special obligation bond projects (Translational Research Building and South Parking Deck) approved by the General Assembly in S.L. 2018-35.	\$29,782,516 not incl. cost of issuance
UNC-Chapel Hill	Special obligation bond to refund the 2016 bonds, a "floating rate note" which will expire March 2019, and to refinance various special obligation bond projects previously approved by the Board of Governors and the General Assembly.	\$151,000,000
UNC-Chapel Hill	Special obligation bond to finance the construction of an indoor football practice facility and the renovation of Fetzer Field.	\$30,000,000
UNC Wilmington	Special obligation bonds to (1) finance the construction of a new parking deck facility and other surface parking improvements and (2) pay the costs incurred in connection with the issuance of the 2019 Bonds.	\$20,420,000
WCU	Special obligation bonds to (1) finance the construction of a new parking deck facility; and (2) pay the costs incurred in connection with the issuance of the 2018 Bonds.	\$23,615,185
TOTAL		\$382,732,701

Approval of Replacement Line of Credit Agreement – UNC-Chapel Hill:

The Committee on Budget and Finance approved the replacement line of credit agreement at UNC-Chapel Hill. The existing line of credit, \$200 million with Wells Fargo Bank, N.A., was set to expire in September 2018. UNC-Chapel Hill undertook a competitive bid process to seek proposals for a replacement line of credit and received the most favorable bid from Bank of America, N.A. With Board approval, the execution and delivery of the line-of-credit agreement would not have on any impact UNC-Chapel Hill's issuer credit rating.

Approval of Replacement Line of Credit Agreement – UNC-Chapel Hill:

The Committee on Budget and Finance approved the replacement line of credit agreement at UNC-Chapel Hill. The existing line of credit, \$100 million with Royal Bank of Canada, was set to expire in September 2019. UNC-Chapel Hill undertook a competitive bid process to seek proposals for a replacement line of credit and received the most favorable bid from TD Bank, N.A. With Board approval, the execution and delivery of the line-of-credit agreement would not have any on impact UNC-Chapel Hill's issuer credit rating.

TRANSACTIONS BY DELEGATED AUTHORITY

In 2012, G. S. 116-31. 12 delegated to the Board of Governors of the University of North Carolina System the authority to authorize the constituent institutions and the UNC System to acquire and dispose of real property by lease if the lease was for a term of not more than ten years. The Board had delegated that authority to the president, NC State University, UNC-Chapel Hill, East Carolina University, UNC Wilmington, and UNC Charlotte up to \$500,000. The following property transactions were approved under delegated authority.

Institution	Transaction Type	Description	Approval Date
NCCU	Acquisition of Property by Deed	523 and 527 Cecil Street, Durham	9/21/2018

Institution	Transaction Type	Description	Approval Date
NC State	Acquisition of Property by Deed	186 Lonnie Drive, Ellerbe	9/7/2018
UNCA	Lease Acquisition	838 Riverside Drive, Asheville	9/28/2018
UNC-Chapel Hill	Disposition by Demolition	115 University Lake Road, Chapel Hill	11/26/2018
UNCC	Disposition by Deed	9319 Robert D. Snyder Road, Charlotte	9/7/2018
UNCC	Acquisition by Deed/ Land Exchange	9050 Robert D. Snyder Road, Charlotte	11/26/2018
UNCG	Disposition by Demolition	213 McIver Street, Greensboro	10/22/2018
UNCP	Disposition by Demolition	1027 Prospect Road, Pembroke	6/3/2019
UNCP	Disposition by Demolition	902 Old Main Road, Pembroke	6/3/2019
UNCP	Acquisition by Deed	818 Main Street, Pembroke	6/3/2019

Property Lease Delegation Authority – University of North Carolina at Charlotte:

The committee recommended approval for property lease delegation of authority for the University of North Carolina at Charlotte to acquire and dispose of real property by lease if the lease term was not more than 10 years.

Emergency Procedures:

Chancellors informed the president of the need to invoke emergency procedures, as allowed by G. S. 143-129, to provide for new capital improvement projects. In accordance with emergency procedures, the State Building Commission was also notified.

Institution	Project	Date Requested	Amount	Fund Source
ECSU	University Suites Environmental Remediation and Reconstruction from Water Intrusion	12/4/2018	\$636,920	Housing Reserve
NCCU	Walker Physical Complex Mechanical, Heating and Cooling System Repairs	11/19/2018	\$1,591,735	Carry-forward
NCCU	Mary Townes Sciences Complex Wet Labs Repairs	5/13/2019	\$464,200	R&R
UNC-Chapel Hill	Cone Kenfield Tennis Center HVAC Replacement	9/14/2018	\$71,835	Unidentified
UNC-Chapel Hill	Swain Hall Ceiling Replacement	11/27/2018	\$500,000	R&R
UNC-Chapel Hill	Cardinal/Dogwood Deck Elevator Replacement	2/6/2019	\$350,000	Transportation Receipts
UNC-Chapel Hill	Elevator Replacement in Knapp-Sanders	3/14/2019	\$350,000	R&R
UNC-Chapel Hill	Steam Vault 067 Structural Repairs	5/23/2019	\$250,000	Energy services receipts
UNC-Chapel Hill	Morehead Chemistry Building HVAC Renovations	6/28/2019	\$6,000,000	R&R/F&A
UNC Pembroke	Beck Hall Plumbing Repairs	6/14/2019	\$300,000	Housing Receipts
UNC Wilmington	Dobo Hall – Hurricane Damage	11/1/2018	\$45,492,195	GF Appropriation, insurance proceeds, FEMA
		TOTAL	\$56,006,885	

2018 Hurricane Florence Recovery Funding Allocations:

In an October special legislative session, the 2018 General Assembly appropriated \$30,000,000 from the statewide Hurricane Florence Disaster Recovery Fund to the Board of Governors for repair and renovation of capital facilities at three campuses that sustained the heaviest damage from Hurricane Florence. In addition, the General Assembly appropriated \$2,000,000 to the Board for scholarship grants to postsecondary students affected by the hurricane attending the constituent institutions and \$1,000,000 to the NC State Education Assistance Authority for grants to affected students attending private postsecondary institutions.

The Board approved capital allocations as shown below:

Institution	Capital Property Damage – Selected Campuses	% of UNC System	\$30M Allocation	% of Allocation
FSU	\$455,000	0.4%	\$455,000	1.5%
UNC Pembroke	\$829,499	0.8%	\$829,499	2.8%
UNC Wilmington	\$102,800,000	97.4%	\$27,215,501	90.7%
UNC System Reserve	\$1,500,000	1.4%	\$1,500,000	5.0%
TOTAL	\$105,584,499	100.0%	\$30,000,000	100.0%

OTHER ACTIONS

Board Reports: The committee recommended approval of the following reports:

- FY 2017-18 Annual Report:** The Annual Report of the Committee on Budget and Finance to the Board of Governors of the University of North Carolina for July 1, 2017 through June 30, 2018 was recommended for approval.
- 2017-18 UNC Consolidated Financial Report:** The UNC System Financial Report was prepared to provide additional information on the current financial status of the University. This report includes a consolidation of the University of North Carolina System as a whole, a side-by-side comparison of institutional financial statements, selected disclosures, and other financially related information. In FY 2017-18, total UNC System revenue was \$11.9 billion and total expenses were \$11.1 billion.
- Report of Facilities and Administrative (F&A) Receipts, 2017-18:** The UNC System has depended heavily on obtaining competitive grants and contracts to support research efforts. In recognition that research carries costs above and beyond the direct costs of the projects, federal agencies have included overhead funds in research grants and contracts. This report detailed the total facilities and administrative (F&A) funds received as well as the use of the funds. In 2017-18, the UNC System earned a total of \$267.2 million in facilities and administrative receipts and expended a total of \$247.7 million. Of the total, \$53 million was expended to operate or maintain facilities constructed with or operated by general fund appropriations
- 2018-19 NC Promise Tuition Plan Annual Report:** The NC Promise Tuition Plan reduced the undergraduate tuition at three UNC System institutions to \$500 per semester for a resident student and \$2,500 per semester for a nonresident student. The program took effect in fall of 2018 at ECSU, UNCP, and WCU. The report includes information concerning the enrollment at the three participating institutions as well as the allocation of the buy down that was appropriated to offset the decrease in tuition revenue. Of the \$51 million of buy down, ECSU received \$4.8 million, UNCP received \$15.1 million, and WCU received \$31.1 million.

5. **UNC System Debt Capacity Study:** The 2015 Appropriations Act required the UNC System to estimate the debt capacity of each of the UNC System institutions for the upcoming five fiscal years. The study found that 11 institutions increased debt capacity over the prior year, 15 of the 16 improved their performance in at least one of the study's primary ratios, and 14 of the 15 rated institutions maintained their credit rating.
6. **2017 Facilities Inventory and Utilization Study:** The annually published report provides the basis for a comparative assessment of space utilization for instructional purposes. The primary purpose of the Facilities Inventory and Utilization Study is to provide higher education administrators with a detailed statistical profile of the facilities of their own campuses and of the other colleges and universities in North Carolina.
7. **Report on Need-Based Aid from Tuition and Tuition Bill Statements:** A 2014 working group on financial aid and tuition recommended implementation of a "freeze and cap" policy to limit on need-based aid funded by tuition to a 15 percent maximum of an institution's total base tuition revenue. The report found that all institutions are in compliance with the freeze and cap policy. Four are at or above fifteen percent and are frozen while twelve are not frozen. Since implementation, eight have increased the amount of need-based aid from tuition, three have decreased, and five have not changed.
8. **Data Modernization Initiative Strategy and Implementation Plan – Progress Report:** The report detailed that the UNC System is on track to meet the deliverables for Data Modernization and Integration (DMI). The DMI program is on target to add finance data to the existing UNC System data infrastructure within the projected four-year timeframe and with targeted additional investment requested by the UNC Board of Governors.

Board Policy Changes: The committee approved the following UNC Policy Manual changes:

Duties and Authorities of the Board of Trustees – Policy Changes:

The committee recommended approval of policy revisions to the UNC Policy Manual that amended Appendix 1 of The Code and Sections 200.6 and 600.1.1 and included adoption of a new Section 600.1.3. The recommended changes included increasing the dollar threshold for acquisitions and dispositions of property requiring Board of Governors approval, increasing the dollar threshold for capital improvement projects from \$300,000 to \$750,000, and creating a new delegated authority for capital projects that would allow constituent institutions to execute capital projects up to \$1,000,000 (total project budget) without Board approval.

Authorization to Contract with Electronic Commerce Vendors:

The committee recommended approval for a policy change to Section 600.3.1 of the UNC Policy Manual that authorizes the special responsibility constituent institutions to engage in electronic commerce without having to seek additional authorization from the Board of Governors. The institutions would still be required to comply with state law and regulations regarding the electronic collection and remission of funds and payment industry security standards.

Establishment of For-Profit Associated Entity – UNC-Chapel Hill:

The committee approved the establishment of a for-profit associated entity ("KFBSF Private Equity Fund IV") to manage private investment funds as an educational program at the Kenan-Flagler School of Business. These funds provide MBA and BSBA students with hands-on experience operating a private investment fund. The existing funds have been met with tremendous success. KFBSF Private Equity Funds I and II are both fully invested, and KFBSF Private Equity Fund III is currently investing with approximately \$600,000 of capital

remaining to invest. If additional students are to participate in this educational program in the future, additional funds will need to be raised and an additional private equity fund established (“KFBSF Private Equity Fund IV”).

TOPICS DISCUSSED DURING THE YEAR

Informal Construction Task Order Contracting – University of North Carolina at Charlotte:

UNC Charlotte presented to the committee how the institution used Informal Construction Task Order Contracting (ICTOC) for informal projects of less than \$300,000 since 2009.

Task Force on Size, Scope, and Purpose of UNC System Office:

The Task Force on the Size, Scope, and Purpose of UNC System Office was adopted at the UNC Board of Governors meeting on September 7, 2017, to initiate a timely review of the System Office. The task force was given the responsibility of identifying and evaluating the services that the System Office provides to stakeholders and how to improve those services and the possible addition of specific services to help reach the goals established by the UNC System Strategic Plan.

ATTACHMENT 1 – 2018-19 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
Appalachian	Track, Tennis, Softball Relocation	Adv Planning	\$ -	\$ 1,180,000	\$ 1,180,000	Foundation
Appalachian	Wey Hall Comprehensive Renovation and Modernization	Adv Planning	\$ 200,000	\$ 1,800,000	\$ 2,000,000	Carry-forward
Appalachian	Stadium Lot Steam and Condensate Phase 1	New	\$ -	\$ 3,456,115	\$ 3,456,115	Trust Funds
Appalachian	Kidd Brewer Stadium End Zone Facility	New	\$ 2,588,174	\$ 42,411,826	\$ 45,000,000	Athletic Gifts and Receipts (11%)/ Dining Receipts (8%)/Debt (81%)
Appalachian	Greek Plots	New	\$ -	\$ 375,000	\$ 375,000	Trust Funds/Gifts
Appalachian	Cone Hall Roof Replacement	New	\$ -	\$ 500,000	\$ 500,000	Housing Receipts
Appalachian	Panhellenic Hall Elevator Modernization	New	\$ -	\$ 700,000	\$ 700,000	Housing Receipts
Appalachian	Stadium Lot Connector to River St and Peacock Lot	New	\$ -	\$ 916,866	\$ 916,866	Transportation & Parking Reserves
Appalachian	Stadium Lot Steam and Condensate, Phase 2	New	\$ -	\$ 3,256,597	\$ 3,256,597	Trust Funds
Appalachian	Holmes Convocation Center Fire Alarm Replacement	New	\$ 95,000	\$ 403,065	\$ 498,065	Carry-forward
Appalachian	Track, Tennis, Softball Relocation	New	\$ 1,180,000	\$ 10,619,998	\$ 11,799,998	Gifts
Appalachian	Campus Road Repairs	Increase	\$ 675,000	\$ 20,000	\$ 695,000	Carry-forward
Appalachian	Peacock Hall and Rankin West Restroom Renovation	Increase	\$ 1,200,000	\$ 640,000	\$ 1,840,000	R&R/Gifts
			\$ 5,938,174	\$ 66,279,467	\$ 72,217,641	
ECU	Renovation for the ECU Police Department, Phase 1	Adv Planning	\$ -	\$ 2,500,000	\$ 2,500,000	Carry-forward
ECU	Legacy & Jones Residence Halls Make Up Air	Adv Planning	\$ -	\$ 170,000	\$ 170,000	Housing Receipts
ECU	Murphy Center Dining Hall	Adv Planning	\$ -	\$ 250,000	\$ 250,000	Dining Receipts
ECU	Science & Technology Laboratory Building - Roof Replacement	New	\$ -	\$ 909,000	\$ 909,000	Carry-forward
ECU	Steam Decentralization – Minges, Ward and Murphy Buildings	New	\$ -	\$ 1,619,620	\$ 1,619,620	Carry-forward
ECU	Warren Life Sciences Building – Roof Replacement- Sections C, D and E	New	\$ -	\$ 815,000	\$ 815,000	Carry-forward
ECU	Biology Greenhouse	New	\$ 140,000	\$ 4,860,412	\$ 5,000,412	F&A
ECU	Install Fuel Oil Containment Facilities – Main Campus Steam Plant	Increase	\$ 1,360,000	\$ 600,000	\$ 1,960,000	Carry-forward
ECU	Ragsdale Building – Renovate Clay Tile Roof	Increase	\$ 422,000	\$ 920,000	\$ 1,342,000	Carry-forward
ECU	Reline Storm Sewer – 5th Street to Greenmill Run	Increase	\$ 490,000	\$ 260,000	\$ 750,000	Carry-forward
			\$ 2,412,000	\$ 12,904,032	\$ 15,316,032	
ECSU	Butler Hall – Repairs for Re-occupancy	New	\$ -	\$ 988,299	\$ 988,299	Housing Receipts
ECSU	Butler Hall	Increase	\$ 988,299	\$ 311,701	\$ 1,300,000	USDA Refinance
			\$ 988,299	\$ 1,300,000	\$ 2,288,299	
FSU			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
N.C. A&T	Aggie Stadium Track Resurfacing	New	\$ -	\$ 1,454,900	\$ 1,454,900	Athletic Receipts
N.C. A&T	Cooper Hall HVAC Upgrade	New	\$ -	\$ 807,700	\$ 807,700	Housing Receipts
N.C. A&T	Craig Hall Data Center Upgrade	New	\$ -	\$ 395,514	\$ 395,514	Title III
N.C. A&T	Carver and Webb Halls Fume Hoods Replacement	New	\$ -	\$ 488,050	\$ 488,050	Grant
N.C. A&T	Carver Hall Emergency Generator Addition	New	\$ -	\$ 327,750	\$ 327,750	Grant
N.C. A&T	Agricultural Pavilion	Increase	\$ 4,528,000	\$ 1,441,827	\$ 5,969,827	Grant
			\$ 4,528,000	\$ 4,915,741	\$ 9,443,741	
NCCU	Lee Biology Building Renovations	New	\$ -	\$ 1,158,333	\$ 1,158,333	Title III (83%)/R&R (17%)

ATTACHMENT 1 – 2018-19 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
NCCU	James E. Shepard Memorial Library-West Wing Renovation	New	\$ -	\$ 850,000	\$ 850,000	Title III
NCCU	Elder Student Union Chick-fil-A Renovation	New	\$ -	\$ 1,033,537	\$ 1,033,537	Auxiliary Trust Funds
NCCU	Shepard Library Starbucks Coffee Shop	New	\$ -	\$ 1,060,576	\$ 1,060,576	Auxiliary Trust Funds
			\$ -	\$ 4,102,446	\$ 4,102,446	
NC State	Interior Renovations – Erdahl Cloyd Wing of DH Hill Library	Adv Planning	\$ -	\$ 150,000	\$ 150,000	Dining Receipts (50%)/F&A (50%)
NC State	Elevator Addition – Tucker & Owen Residence Halls	Adv Planning	\$ -	\$ 140,000	\$ 140,000	Housing Receipts
NC State	Outdoor Aquatics Facility	Adv Planning	\$ -	\$ 300,000	\$ 300,000	Athletic Receipts
NC State	Dairy Facility at College of Veterinary Medicine	Adv Planning	\$ -	\$ 400,000	\$ 400,000	Trust Funds
NC State	Greek Village Phase 4 – Infrastructure, Townhomes, and Apartments	Adv Planning	\$ -	\$ 3,600,000	\$ 3,600,000	Trust Funds
NC State	Thermal Utilities to Partners II and Toxicology Buildings	Adv Planning	\$ -	\$ 700,000	\$ 700,000	Carry-forward
NC State	Water Line Replacement – Avent Ferry Buildings E & F	New	\$ -	\$ 450,000	\$ 450,000	Housing Receipts
NC State	Creamery Café and Education Center	New	\$ 100,000	\$ 1,150,000	\$ 1,250,000	Gifts
NC State	Site Enhancement – Avent Ferry Complex Buildings A & B	New	\$ -	\$ 400,000	\$ 400,000	Housing Receipts
NC State	Flooring Abatement – Metcalf Residence Hall	New	\$ -	\$ 450,000	\$ 450,000	Housing Receipts
NC State	Murphy Sports Medicine Renovation	New	\$ 120,000	\$ 1,780,000	\$ 1,900,000	Athletic Receipts
NC State	Rigging Replacement Stewart Theatre	New	\$ 75,000	\$ 1,875,000	\$ 1,950,000	Trust Funds
NC State	Suite 528 Renovations – Poe Hall	New	\$ -	\$ 450,000	\$ 450,000	Facilities & Administrative Receipts
NC State	HVAC Renovations Price Music Hall	New	\$ 97,500	\$ 1,102,500	\$ 1,200,000	Student Fees
NC State	CVM Main Building B104 Lab Renovation	New	\$ 200,000	\$ 2,300,000	\$ 2,500,000	Gifts (30%)/Trust Funds (70%)
NC State	Data Infrastructure Upgrades - Polk Hall	New	\$ -	\$ 628,500	\$ 628,500	Trust Funds
NC State	Steam Repairs Phase VIII C	New	\$ 265,000	\$ 1,450,000	\$ 1,715,000	Carry-forward
NC State	Dabney Water Intrusion	New	\$ -	\$ 325,000	\$ 325,000	Carry-forward (92%)/Trust Funds (8%)
NC State	Power to Varsity Research Building	New	\$ -	\$ 1,500,000	\$ 1,500,000	Carry-forward (67%)/Trust Funds (33%)
NC State	Structural Repairs Mann Hall	New	\$ -	\$ 2,000,000	\$ 2,000,000	Carry-forward
NC State	110 Classroom Renovations	New	\$ -	\$ 758,237	\$ 758,237	Carry-forward
NC State	Brickyard Entrance Improvements – DH Hill Library	New	\$ -	\$ 500,000	\$ 500,000	Carry-forward
NC State	Central Campus Electrical Upgrade Phase 2 - Distribution	New	\$ -	\$ 6,205,265	\$ 6,205,265	Trust Funds
NC State	Fire Alarm Replacement – Bostian Hall & Brooks Hall	New	\$ -	\$ 640,000	\$ 640,000	Carry-forward
NC State	Interior LED Conversion – Phase 1	New	\$ -	\$ 870,000	\$ 870,000	Carry-forward
NC State	Lab & Building Systems Modifications - VRB	New	\$ -	\$ 1,500,000	\$ 1,500,000	Carry-forward
NC State	Library Renovations – Jordan Hall	New	\$ -	\$ 1,500,000	\$ 1,500,000	Carry-forward
NC State	Renovate Telecom Room 110 – Poe Hall	New	\$ -	\$ 485,000	\$ 485,000	Trust Funds
NC State	Road Repairs – Cates Avenue & Morrill Drive	New	\$ -	\$ 329,518	\$ 329,518	F&A
NC State	Wrestling Addition & Renovation – Weisiger-Brown Athletic Facility	New	\$ -	\$ 2,500,000	\$ 2,500,000	Athletic Receipts
NC State	Exterior Lighting LED Conversion Phase 1	Increase	\$ 2,209,681	\$ 383,000	\$ 2,592,681	Carry-forward
NC State	Academic Success Center at DH Hill Library	Increase	\$ 14,234,213	\$ 1,660,000	\$ 15,894,213	F&A (96%)/Carry-forward (4%)
NC State	ES King Village Roof Replacements Phase 3	Increase	\$ 1,368,200	\$ 631,800	\$ 2,000,000	Housing Receipts
			\$ 18,669,594	\$ 39,113,820	\$ 57,783,414	
UNCA	Parking Lot Improvements on Lots P1 & P29	New	\$ -	\$ 423,421	\$ 423,421	Parking Receipts

ATTACHMENT 1 – 2018-19 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
UNCA	Baseball Stadium Improvements	New	\$ -	\$ 500,820	\$ 500,820	Gifts
UNCA	Student Housing Project	Increase	\$ 33,795,000	\$ 750,000	\$ 34,545,000	Housing Reserves
UNCA	Student Apartment Housing	Increase	\$ 34,545,000	\$ 620,000	\$ 35,165,000	Gifts
UNCA	Owen and Carmichael Hall Renovations	Increase	\$ 23,870,000	\$ 1,895,826	\$ 25,765,826	Grant (47%)/Gifts (53%)
UNCA	Owen and Carmichael Hall Renovations (2nd increase)	Increase	\$ 25,765,826	\$ 754,000	\$ 26,519,826	Gifts
			\$ 117,975,826	\$ 4,944,067	\$ 122,919,893	
UNC-Chapel Hill	Translational Research Building	Adv Planning	\$ 1,750,000	\$ 1,500,000	\$ 3,250,000	Facilities & Administrative Receipts
UNC-Chapel Hill	Coker Arboretum Arbor and Sidewalk Reconstruction	Adv Planning	\$ -	\$ 150,000	\$ 150,000	Trust Funds
UNC-Chapel Hill	Copper Telecommunication Replacement Phase 1 (aka Fire Alarm Radio mesh Network)	Adv Planning	\$ 100,000	\$ 400,000	\$ 500,000	Trust Funds
UNC-Chapel Hill	Energy Management Controls System Upgrade	Adv Planning	\$ -	\$ 180,000	\$ 180,000	Trust Funds
UNC-Chapel Hill	Forest Theater Renovation	Adv Planning	\$ -	\$ 100,000	\$ 100,000	Trust Funds (25%)/Gifts (75%)
UNC-Chapel Hill	South Chiller Plant Retrofit	Adv Planning	\$ -	\$ 1,000,000	\$ 1,000,000	Trust Funds
UNC-Chapel Hill	High Frequency Throughput Sequencing Facility Relocation	New	\$ -	\$ 675,000	\$ 675,000	Facilities & Administrative Receipts
UNC-Chapel Hill	UNC Visitors Center	New	\$ -	\$ 347,721	\$ 347,721	Trust Funds
UNC-Chapel Hill	Burnett Womack Conference Center	New	\$ -	\$ 1,720,000	\$ 1,720,000	Clinical Receipts
UNC-Chapel Hill	Tarrson Hall – Medical Gas Alarm System	New	\$ -	\$ 450,000	\$ 450,000	Clinical Receipts
UNC-Chapel Hill	Morehead Chemistry Teaching Labs	New	\$ -	\$ 1,000,000	\$ 1,000,000	Student Fees
UNC-Chapel Hill	National Pan-Hellenic Council Garden	New	\$ -	\$ 750,000	\$ 750,000	Gifts
UNC-Chapel Hill	School of Dentistry New Programs	New	\$ -	\$ 15,000,000	\$ 15,000,000	Clinical Receipts (77%)/Gifts (20%)/ Student
UNC-Chapel Hill	Classroom Renewal	New	\$ -	\$ 5,000,000	\$ 5,000,000	Trust Funds
UNC-Chapel Hill	Global Women's Health Research Suite	New	\$ -	\$ 490,000	\$ 490,000	F&A (67%)/Grant (33%)
UNC-Chapel Hill	Lenoir Hall Outdoor Dining	New	\$ -	\$ 1,200,000	\$ 1,200,000	Trust Funds
UNC-Chapel Hill	Track and Field – New Bleachers and Support Facilities	New	\$ -	\$ 950,000	\$ 950,000	Gifts
UNC-Chapel Hill	Fetzer Gym- Partial Renovation for Exercise and Sports Science	New	\$ -	\$ 349,103	\$ 349,103	F&A
UNC-Chapel Hill	Cameron Cogeneration Facility Envelope Repairs	New	\$ -	\$ 475,000	\$ 475,000	Trust Funds
UNC-Chapel Hill	Athletic Facilities Synthetic Turf Upgrades	New	\$ -	\$ 2,500,000	\$ 2,500,000	Gifts
UNC-Chapel Hill	Campus-wide Parking Repairs	New	\$ -	\$ 3,720,000	\$ 3,720,000	Parking Receipts
UNC-Chapel Hill	Eddie Smith Fieldhouse Renovations	New	\$ -	\$ 4,000,000	\$ 4,000,000	Gifts
UNC-Chapel Hill	Fetzer Racquet Sports Renovation	New	\$ -	\$ 490,000	\$ 490,000	Gifts
UNC-Chapel Hill	Football Center Renovations	New	\$ -	\$ 3,000,000	\$ 3,000,000	Gifts
UNC-Chapel Hill	Marsico Hall BRIC PET CT 3T MRI	New	\$ -	\$ 3,100,000	\$ 3,100,000	Trust Funds
UNC-Chapel Hill	Genetic Medicine Building Fifth Floor Computational Lab	New	\$ -	\$ 400,000	\$ 400,000	F&A
UNC-Chapel Hill	Genome Science Building – Café and Commons Renovations	New	\$ -	\$ 492,000	\$ 492,000	Trust Funds
UNC-Chapel Hill	School of Media & Journalism Media & Communication Studio	New	\$ 600,000	\$ 6,600,000	\$ 7,200,000	Gifts
UNC-Chapel Hill	Everett, Lewis & Stacy Window Replacement & HVAC Improvements	Increase	\$ 5,771,866	\$ 3,471,538	\$ 9,243,404	Housing Receipts
UNC-Chapel Hill	Kenan Stadium – Backflow Preventer and Booster Pumps	Increase	\$ 500,000	\$ 400,000	\$ 900,000	Athletic Receipts
UNC-Chapel Hill	Indoor Practice Facility/Fetzer Field Renovation	Increase	\$ 67,395,149	\$ 6,268,445	\$ 73,663,594	Foundation
UNC-Chapel Hill	Outdoor Education Center Pond Retrofit	Increase	\$ 387,355	\$ 87,645	\$ 475,000	Trust Funds

ATTACHMENT 1 – 2018-19 BOG APPROVED CAPITAL PROJECTS

Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
UNC-Chapel Hill	UNC Parking Decks- LED Lighting Safety Upgrades	Increase	\$ 896,000	\$ 204,000	\$ 1,100,000	Parking Receipts
UNC-Chapel Hill	Chase Dining Hall Second Floor Renovation	Increase	\$ 4,440,674	\$ 1,459,326	\$ 5,900,000	Trust Funds
UNC-Chapel Hill	Media and Communications Studios	Increase	\$ 10,000,000	\$ 5,000,000	\$ 15,000,000	Athletic Receipts (80%)/Gifts (20%)
UNC-Chapel Hill	Institute of Marine Sciences Fisheries Research Lab & Maintenance Facility Lab Renovation	Increase	\$ 380,598	\$ 732,442	\$ 1,113,040	Facilities & Administrative Receipts
UNC-Chapel Hill	UNC Carolina Union Auditorium Renovation	Increase	\$ 1,999,744	\$ 300,256	\$ 2,300,000	Gifts
UNC-Chapel Hill	Medical Education Building – NC Connect Bond	Increase	\$ 78,600,000	\$ 30,000,000	\$ 108,600,000	Trust Fund (70%)/Fundraising (28%)/F&A (2%)
UNC-Chapel Hill	DLAM Renovations & AAALAC Certification(swing space for Berryhill Hall/Vivarium Migration-NC Connect Bond)	Increase	\$ 21,140,000	\$ 5,590,000	\$ 26,730,000	F&A
UNC-Chapel Hill	Cameron Cogeneration Facility – Dry Sorbent Injection System	Increase	\$ 5,000,000	\$ 2,490,000	\$ 7,490,000	Trust Funds
UNC-Chapel Hill	Morehead Chemistry Ventilation System	Increase	\$ 845,000	\$ 405,000	\$ 1,250,000	F&A
UNC-Chapel Hill	Energy Efficiency Program: Chapman, ITS Manning, Glaxo-MBRL	Increase	\$ 1,355,000	\$ 61,897	\$ 1,416,897	Carry-forward
UNC-Chapel Hill	Energy Services Utility Improvements in Academic Affairs	Increase	\$ 9,725,563	\$ 4,274,437	\$ 14,000,000	Trust Funds
UNC-Chapel Hill	Energy Project: Taylor Hall Air Flow Reduction	Increase	\$ 520,000	\$ 60,000	\$ 580,000	F&A
UNC-Chapel Hill	Thurston Bowles Air Flow Reduction	Increase	\$ 1,300,000	\$ 350,000	\$ 1,650,000	F&A
			\$ 212,706,949	\$ 117,193,810	\$ 329,900,759	
UNCC	Cameron Second Floor Renovation	Adv Planning	\$ -	\$ 1,950,000	\$ 1,950,000	Carry-forward
UNCC	West Substation	New	\$ 650,000	\$ 5,850,000	\$ 6,500,000	Carry-forward (89%)/F&A (11%)
UNCC	Information Technology Infrastructure Upgrades in Rowe, Storrs and Reese	New	\$ -	\$ 3,800,000	\$ 3,800,000	Debt Service Fee (60%)/Education and Technology Fee (40%)
UNCC	Energy Projects	New	\$ -	\$ 1,000,000	\$ 1,000,000	Carry-forward
UNCC	Information Technology Infrastructure Upgrades in McEniry and Colvard Level 1000	New	\$ -	\$ 3,300,000	\$ 3,300,000	Carry-forward (11%)/Education & Technology Fee (35%)/Student Fee (54%)
UNCC	Scott Hall	Increase	\$ 22,500,000	\$ 700,000	\$ 23,200,000	Housing Receipts
			\$ 23,150,000	\$ 16,600,000	\$ 39,750,000	
UNCG	Moore Building Renovations	Adv Planning	\$ -	\$ 1,200,000	\$ 1,200,000	Carry-forward
UNCG	Sullivan Science LED Conversion Project	New	\$ -	\$ 340,000	\$ 340,000	Carry-forward
UNCG	Classroom Enhancements	New	\$ -	\$ 600,000	\$ 600,000	Grant
UNCG	Coleman Athletics Weight Room Alterations (Room 123)	New	\$ -	\$ 1,000,000	\$ 1,000,000	Gifts
UNCG	Coleman Building Academic Success Center	New	\$ -	\$ 550,000	\$ 550,000	Education & Technology Fees
UNCG	Phillips-Hawkins Residence Hall Roof Replacement	New	\$ -	\$ 370,000	\$ 370,000	Housing Receipts
UNCG	Oakland Parking Deck Expansion	New	\$ -	\$ 17,406,000	\$ 17,406,000	Parking Receipts
UNCG	Soccer Field and Drainage Repairs	New	\$ -	\$ 1,078,000	\$ 1,078,000	Debt Service Fee
UNCG	Nursing and Instructional Building	Increase	\$ 105,000,000	\$ 3,363,000	\$ 108,363,000	Housing Receipts (87%)/Dining Receipts (13%)
			\$ 105,000,000	\$ 25,907,000	\$ 130,907,000	
UNCP	West Hall Comprehensive Renovation	Increase	\$ 10,000,000	\$ 1,368,065	\$ 11,368,065	Carry-forward
			\$ 10,000,000	\$ 1,368,065	\$ 11,368,065	

ATTACHMENT 1 – 2018-19 BOG APPROVED CAPITAL PROJECTS						
Institution	Project Title	Authorization Type	Previous Authorization	Requested Authorization	Total Project Authorization	Source of Funds
UNCW			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
UNCSA	Moore and Sanford Residence Hall HVAC Replacement	New	\$ -	\$ 2,383,000	\$ 2,383,000	Housing Reserves
UNCSA	Student Housing	New	\$ -	\$ 46,000,000	\$ 46,000,000	SL Debt serviced by Housing Receipts
UNCSA	Old Library Renovation	Increase	\$ 8,000,000	\$ 500,000	\$ 8,500,000	Trust Funds
			\$ 8,000,000	\$ 48,883,000	\$ 56,883,000	
WCU	Hinds University Center First Floor Partial Renovation	New	\$ -	\$ 773,000	\$ 773,000	Trust Funds
			\$ -	\$ 773,000	\$ 773,000	
WSSU	Reynolds Center – HVAC Repairs & Controls Upgrades	New	\$ -	\$ 670,000	\$ 670,000	Title III (77%)/R&R (23%)
WSSU	Wilson Hall & Brown Hall – Card Access Control	New	\$ -	\$ 576,000	\$ 576,000	Housing Receipts
WSSU	Rams Commons Residence Hall – Fire Alarm Replacement/HVAC	Increase	\$ 1,550,000	\$ 5,579,000	\$ 7,129,000	Housing Receipts
			\$ 1,550,000	\$ 6,825,000	\$ 8,375,000	
UNC-TV			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
NC Arb	STEM and Stormwater Education and Training Center	New	\$ -	\$ 508,448	\$ 508,448	Private (14%)/Grant (51%)/Gifts (35%)
NC Arb	TNCA Parking and Lighting Expansion	New	\$ -	\$ 1,905,000	\$ 1,905,000	Gifts (61%)/Trust Funds (18%)/R&R (21%)
			\$ -	\$ 2,413,448	\$ 2,413,448	
Total			\$ 510,918,842	\$ 353,522,896	\$ 864,441,738	
				FUNDING BREAKDOWN		
				\$33,007,784	9.34%	Carry Forward
				\$1,351,067	0.38%	R&R
				\$100,090,280	28.31%	Receipts/Fees
				\$135,050,485	38.20%	Foundation/Gifts/Grants
				\$84,023,280	23.77%	Debt Service
				\$353,522,896	100.00%	

AGENDA ITEM

A-3. 2019-21 Repairs and Renovations (R&R) Allocation Model..... Clinton Carter

Situation: While the Board approves and then requests funding or authorization from the General Assembly for major capital improvement projects, funds for repairs and renovations projects are appropriated to the Board of Governors for allocation to the institutions.

Background: The Committee on Budget and Finance appointed a subcommittee to review options for the allocation of appropriated funds to support a suitable distribution model. The factors considered in development of the allocation model include gross square footage, total number of buildings, building condition, and full-time student enrollment. The options also negatively weight the ability of a constituent institution to pay based on the availability of carry-forward funds, F&A fund balances, infrastructure fees, and other funding for R&R earmarked projects. All options include a minimum funding level, identified as a “floor” and reserve funds for R&R projects at the System Office buildings or other affiliates (NC Arboretum and UNC-TV).

Assessment: It is recommended that one of the proposed options be approved for 2019-21 Capital Improvement Budget Allocations. It is also recommended that the president be authorized to make refinements in the interest of accuracy and completeness. It is further recommended that the president be authorized to seek such concurrence as may be required of the director of the budget in the foregoing allocations.

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

2019-21 Repairs and Renovations (R&R) Allocation Model

ISSUE OVERVIEW

The R&R allocation options are proposed for Board action.

The Committee on Budget and Finance appointed a subcommittee to review options for the allocation of general appropriated funds to support a suitable distribution model. The factors considered in development of the allocation model include:

- Gross square footage
- Total number of buildings
- Building condition
- Number of full-time enrolled (FTE) students
- Availability of other resources

The options consider the availability of other resources for capital projects, including carry-forward funds, F&A fund balances, infrastructure fees, and other funding for R&R earmarked projects and negatively weights the ability to pay.

All options include a minimum funding level, identified as a “floor,” and reserve funds for R&R projects at the UNC System Office buildings or other affiliates (NC Arboretum and UNC-TV).

Each allocation model adjusts the weighting of the factors. Option 1 equally weights all five factors. Option 2 weights the building condition. Option 3 weights the number of FTE. Option 4 weights the ability to pay. Option 5 equally weights the physical building factors with the FTE and availability of other funding.

RECOMMENDATION

It is recommended that, when funds are appropriated in the 2019-21 state budget, allocations be made from the Reserve for Repairs and Renovations in accordance with the selected option. It is also recommended that chancellors identify specific projects, consistent with any applicable rules and regulations, to be financed from the institutional allocations and present those projects to the president who shall report to the Joint Legislative Commission on Governmental Operations, as required by legislation.

It is recommended that, upon request through existing approval processes, allocations may be transferred as needed among projects within an institution. It is also recommended that the president be authorized to make further allocations from the reserve.

UNC System R&R Allocation Options

\$80,000,000 Total Allocation					Option #1		Option #2		Option #3		Option #4		Option #5		Historical R&R - ACTUAL %					
Institution	Base Model				20% GSF 20% # of Bldgs 20% # of FTE 20% Avail. Res.	% Allocation	12.5% GSF 12.5% # of Bldgs 40% Condition 20% # of FTE 15% Avail. Res.	% Allocation	12.5% GSF 12.5% # of Bldgs 20% Condition 40% # of FTE 15% Avail. Res.	% Allocation	12.5% GSF 12.5% # of Bldgs 20% Condition 15% # of FTE 40% Avail. Res.	% Allocation	12.5% GSF 12.5% # of Bldgs 25% Condition 25% # of FTE 25% Avail. Res.	% Allocation	2015	2016	2017	2018	10-Yr. Avg (‘09-‘18)	25-Yr. Avg (‘94-‘18)
	Gross Square Footage (GSF)	# of Bldgs	# of Students	Available Resources																
ASU	2,362,740	40	18,294	\$3,876,787	\$4,299,714	5.4%	\$4,068,676	5.1%	\$4,876,028	6.1%	\$4,374,810	5.5%	\$4,471,182	5.6%	4.6%	6.8%	7.1%	5.4%	2.0%	5.0%
ECU	4,505,190	107	25,348	\$11,607,725	\$7,476,545	9.3%	\$7,537,172	9.4%	\$7,935,431	9.9%	\$6,691,089	8.4%	\$7,336,469	9.2%	9.7%	11.3%	8.0%	8.5%	9.2%	8.8%
ECSU	673,797	27	1,523	\$7,026,462	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,560,833	3.2%	\$2,000,000	2.5%	2.8%	2.1%	3.0%	7.2%	2.8%	2.7%
FSU	818,380	28	5,079	\$3,700,601	\$2,212,116	2.8%	\$2,177,431	2.7%	\$2,000,000	2.5%	\$2,878,081	3.6%	\$2,453,720	3.1%	2.8%	2.0%	3.1%	4.9%	2.6%	2.5%
N.C. A&T	2,130,928	63	11,143	\$233,592	\$4,215,505	5.3%	\$4,277,202	5.3%	\$4,233,638	5.3%	\$4,432,010	5.5%	\$4,322,429	5.4%	4.0%	5.3%	4.5%	4.3%	5.1%	5.3%
NCCU	1,389,187	39	7,205	\$2,431,925	\$2,906,782	3.6%	\$2,884,008	3.6%	\$2,882,176	3.6%	\$3,411,918	4.3%	\$3,092,987	3.9%	3.0%	4.4%	5.3%	5.6%	4.7%	4.4%
NC State	8,788,031	305	31,060	\$13,483,323	\$13,792,872	17.2%	\$15,492,819	19.4%	\$13,550,318	16.9%	\$11,760,423	14.7%	\$13,322,161	16.7%	16.0%	20.7%	18.3%	12.0%	17.7%	17.0%
UNCA	894,047	21	3,354	\$935,092	\$2,189,405	2.7%	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,849,251	3.6%	\$2,315,878	2.9%	2.8%	2.7%	2.4%	4.8%	2.8%	2.4%
UNC-CH	11,023,891	174	27,671	\$30,711,282	\$12,556,296	15.7%	\$12,047,107	15.1%	\$11,702,690	14.6%	\$10,001,414	12.5%	\$11,107,596	13.9%	17.5%	16.5%	15.9%	12.5%	19.2%	19.0%
UNCC	3,486,275	49	26,827	\$6,458,926	\$5,771,517	7.2%	\$5,388,263	6.7%	\$6,704,529	8.4%	\$5,391,141	6.7%	\$5,847,005	7.3%	6.9%	2.6%	7.1%	5.6%	5.6%	5.2%
UNCG	2,793,340	52	17,901	\$3,877,876	\$4,846,677	6.1%	\$4,633,096	5.8%	\$5,245,539	6.6%	\$4,780,189	6.0%	\$4,904,014	6.1%	6.6%	7.3%	5.0%	4.6%	6.2%	6.0%
UNCP	1,196,672	30	6,286	\$1,601,740	\$2,565,652	3.2%	\$2,471,864	3.1%	\$2,527,688	3.2%	\$3,151,977	3.9%	\$2,761,772	3.5%	2.8%	2.0%	2.0%	2.2%	2.9%	2.8%
UNCW	1,744,436	47	14,865	\$3,272,406	\$3,756,190	4.7%	\$3,775,357	4.7%	\$4,228,140	5.3%	\$4,047,742	5.1%	\$4,040,790	5.1%	4.2%	3.5%	3.8%	2.6%	3.2%	3.1%
UNCSCA	843,806	33	1,040	\$760,612	\$2,051,960	2.6%	\$2,069,952	2.6%	\$2,000,000	2.5%	\$2,808,845	3.5%	\$2,233,059	2.8%	2.8%	2.0%	3.0%	6.3%	2.4%	2.3%
WCU	1,681,162	30	10,519	\$2,209,502	\$3,227,453	4.0%	\$2,997,479	3.7%	\$3,368,531	4.2%	\$3,598,551	4.5%	\$3,365,691	4.2%	3.7%	4.2%	3.2%	3.5%	3.6%	3.5%
WSSU	1,067,755	31	4,783	\$2,324,383	\$2,131,315	2.7%	\$2,179,575	2.7%	\$2,000,000	2.5%	\$2,860,120	3.6%	\$2,425,249	3.0%	2.8%	2.6%	4.2%	6.2%	2.8%	2.7%
NCSSM	442,877	8	680	\$565,905	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,401,606	3.0%	\$2,000,000	2.5%	2.8%	2.0%	2.0%	2.9%	1.0%	0.9%
Total	45,842,514	1,084	213,578	\$95,078,139	\$78,000,000	97.5%	\$78,000,000	97.5%	\$78,000,000	97.5%	\$78,000,000	97.5%	\$78,000,000	97.5%	96.0%	98.0%	98.0%	99.1%	93.7%	93.6%
System Reserve					\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,000,000	2.5%	\$2,000,000	2.5%	4.0%	2.0%	2.0%	0.9%	6.3%	6.4%
System Total					\$80,000,000	100.0%	\$80,000,000	100.0%	\$80,000,000	100.0%	\$80,000,000	100.0%	\$80,000,000	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: - System Office, UNCTV and NC Arboretum will be addressed from reserve balance.

- # Students is based on Full-Time Equivalent (Fall 2018), including undergraduate and graduate students, degree-seeking only, and excludes fully online student enrollment

- Available Resources defined as Change in F&A Fund Balance (Revenues less Expenses) + Carryforward (2.5%) + Infrastructure Fee Revenue + R&R-Related Capital Earmarks (all items budgeted in SCIF or otherwise) - System-approved reductions

Model parameters:		
\$ Floor (Min. per University)	\$2,000,000	
% Floor (Min. per University)	2.50%	
System Reserve	2.50%	

Condition factors:	Multiplier	% GSF
Condition 1	1.0x	16.7%
Condition 2	1.3x	22.2%
Condition 3	1.7x	27.8%
Condition 4	2.0x	33.3%
Condition 5	0.0x	0.0%
Total appropriated GSF		100.0%

20.0%
20.0%
20.0%
20.0%
20.0%

12.5%
12.5%
40.0%
20.0%
15.0%

12.5%
12.5%
20.0%
40.0%
15.0%

12.5%
12.5%
20.0%
15.0%
40.0%

12.5%
12.5%
25.0%
25.0%
25.0%

Gross Square Footage
of Buildings
Condition
of Students
\$ Avail. Resources
TOTAL

Highest Allocation - Number of Schools
Second Highest Allocation - Number of Schools

1	1	5	10	0
3	4	2	1	13

Highest Allocation - Number of Schools
Second Highest Allocation - Number of Schools

UNC System R&R Allocation - Option 5

Approved by BOG - 9/20/2019

\$80,000,000 Total Allocation					Option #5	
Institution	Base Model				12.5% GSF 12.5% # of Bldgs 25% Condition 25% # of FTE 25% Avail. Res.	% Allocation
	Gross Square Footage (GSF)	# of Bldgs	# of Students	Available Resources		
ASU	2,362,740	40	18,294	\$3,876,787	\$4,471,182	5.6%
ECU	4,505,190	107	25,348	\$11,607,725	\$7,336,469	9.2%
ECSU	673,797	27	1,523	\$7,026,462	\$2,000,000	2.5%
FSU	818,380	28	5,079	\$3,700,601	\$2,453,720	3.1%
N.C. A&T	2,130,928	63	11,143	\$233,592	\$4,322,429	5.4%
NCCU	1,389,187	39	7,205	\$2,431,925	\$3,092,987	3.9%
NC State	8,788,031	305	31,060	\$13,483,323	\$13,322,161	16.7%
UNCA	894,047	21	3,354	\$935,092	\$2,315,878	2.9%
UNC-CH	11,023,891	174	27,671	\$30,711,282	\$11,107,596	13.9%
UNCC	3,486,275	49	26,827	\$6,458,926	\$5,847,005	7.3%
UNCG	2,793,340	52	17,901	\$3,877,876	\$4,904,014	6.1%
UNCP	1,196,672	30	6,286	\$1,601,740	\$2,761,772	3.5%
UNCW	1,744,436	47	14,865	\$3,272,406	\$4,040,790	5.1%
UNCSA	843,806	33	1,040	\$760,612	\$2,233,059	2.8%
WCU	1,681,162	30	10,519	\$2,209,502	\$3,365,691	4.2%
WSSU	1,067,755	31	4,783	\$2,324,383	\$2,425,249	3.0%
NCSSM	442,877	8	680	\$565,905	\$2,000,000	2.5%
Total	45,842,514	1,084	213,578	\$95,078,139	\$78,000,000	97.5%
System Reserve					\$2,000,000	2.5%
System Total					\$80,000,000	100.0%

Notes: - System Office, UNC-TV, and NC Arboretum will be addressed from reserve balance.

- # Students is based on Full-Time Equivalent (Fall 2018), including undergraduate and graduate students, degree-seeking only, and excludes fully online student enrollment

- Available Resources defined as Change in F&A Fund Balance (Revenues less Expenses) + Carryforward (2.5%) + Infrastructure Fee Revenue + R&R-Related Capital Earmarks (all items budgeted in SCIF or otherwise) - System-approved reductions

Model parameters:	
\$ Floor (Min. per University)	\$2,000,000
% Floor (Min. per University)	2.50%
System Reserve	2.50%

Condition factors:	Multiplier	% GSF
Condition 1	1.0x	16.7%
Condition 2	1.3x	22.2%
Condition 3	1.7x	27.8%
Condition 4	2.0x	33.3%
Condition 5	0.0x	0.0%
Total appropriated GSF		100.0%

Approved by the UNC Board of Governors on September 20, 2019

AGENDA ITEM

A-4. Data Modernization and Integration Program Report..... Clinton Carter

Situation: This presentation focuses on key financial performance indicators (KPIs) and their utility in assessing financial health of the University. Producing these metrics using UNC System universities' data is a project supported by the Data Modernization and Integration (DMI) program. An update on the contents and timeline of the DMI Program is also included.

Background: The Data Modernization and Integration Program originates from the Appropriations Act of 2017, Sections 10.6.(a) and 10.6.(b). The funding represents the first significant state investment in a System-wide data infrastructure. The program supports the work required to collect, manage, and utilize data to understand the operations of the UNC System.

The University requested funding for a three-part effort: (1) to extend the existing warehousing capacity to include financial data and to integrate the financial data with additions to student and human resources data; (2) to build the tools necessary for institutional leaders to consume this information easily; and (3) to leverage analytics to help turn data into actionable information that supports both strategic and operational decisions at multiple levels.

Assessment: The visual display of financial KPIs provides valuable insight into the health of university operations and represents a significant tangible outcome of the DMI Program. The DMI Program funds the integration of financial data and advancements in student account and human resources data within the UNC Data Mart. The foundation of robust and timely data will enable more sophisticated analyses and decision support.

Action: This item is for information only.



DATA MODERNIZATION AND INTEGRATION

September 2019

Data Modernization and Integration

■ Data Modernization and Integration (DMI)

- Goal: Provide clear, timely, consistent, actionable financial and related data to key decision-makers.
- Beneficiaries: UNC System Leadership, UNC System Institutions, and the UNC Board of Governors.
- Financial data is intended to guide the UNC System in meeting its strategic goals.

■ Pilot institutions will have initial data loaded into Beta version of the Finance Data Mart by end of 2019.

- Pilot institutions include NC State, FSU, and potentially up to two additional institutions.
- Additional institutions will be added to the test environment over the course of FY20.

Representative Key Questions

● Less Complexity

- Annualized endowment investment returns by institution
- Cost of education in North Carolina
- North Carolina's median household income compared to the total cost of education

● Moderate Complexity

- Evaluate the revenues and expenses associated with a particular auxiliary
- Assess an institution's debt affordability, given its current operations
- Evaluate whether an institution's total assets are sufficient to cover its costs in an event of loss of revenue
- Understand how an institution spends its resources
- Assess an institution's dependency on key revenue streams, including appropriations and tuition

● High Complexity

- Assess whether resources are sufficient and flexible enough to support the institution's mission
- Use operating results to understand whether an institution is living within available resources
- Explore the cost to add a degree program in a particular discipline and project revenue that would be generated by the program

Current Process

■ System Chart of Accounts

- Each institution uses its own Chart of Accounts for financial reporting, making institutional comparisons and consistent reporting difficult.
- A System COA will standardize reporting, improve financial transparency, and reduce the number of System Office data requests, allowing for faster and more consistent responses.
- A draft COA has been developed based on campus COAs and other state sources. It is currently being reviewed and revised.

■ Board of Governors Dashboard (myinsight.northcarolina.edu)

- In July of 2018, the initial UNC BOG dashboard was created to provide a high-level overview of selected student and financial measures.
- The dashboard includes data on enrollment, graduation and retention, financials, foundations and endowments, facilities, and employee turnover.
- Updates have been made with the most current data available.

■ Financial Key Performance Indicators (KPIs)

- Phase I Deliverable: Develop financial KPIs to improve financial information on the UNC System, which is intended to guide the System in meeting its strategic goals.
- KPIs are currently available as a dashboard for Board and institution users.
- Future goal: Integrate KPI dashboard into finance data mart.



KEY PERFORMANCE INDICATORS

Presentation Outline

- **Key Performance Indicators (KPIs)**
 - **Composite Financial Index (CFI)**
 - **Tuition and Affordability**
 - **Financial Statement Measures**
 - **Institutional Revenues and Expenses**

Key Performance Indicators (KPIs)

Guiding Principles used to select measures:

- Financial metrics and ratios should be simple and clear quantitative measures that can inform decision-making.
- The information must be easy to measure, available on a fairly consistent basis, and not open for interpretation.
- Peer comparisons are a relative indicator and do not measure attainment of an institution's unique mission.
- Metrics should provide context through thresholds, targets, or a scoring system.

Process:

- Considered over 120 national measures.
- Selected 15 KPIs in four key areas:
 - Composite Financial Index (CFI)
 - Tuition and Affordability
 - Financial Statement Measures
 - Institutional Revenues and Expenses
- KPIs for all institutions are available in interactive dashboards
- All measures include a benchmark, target, or peer comparison.



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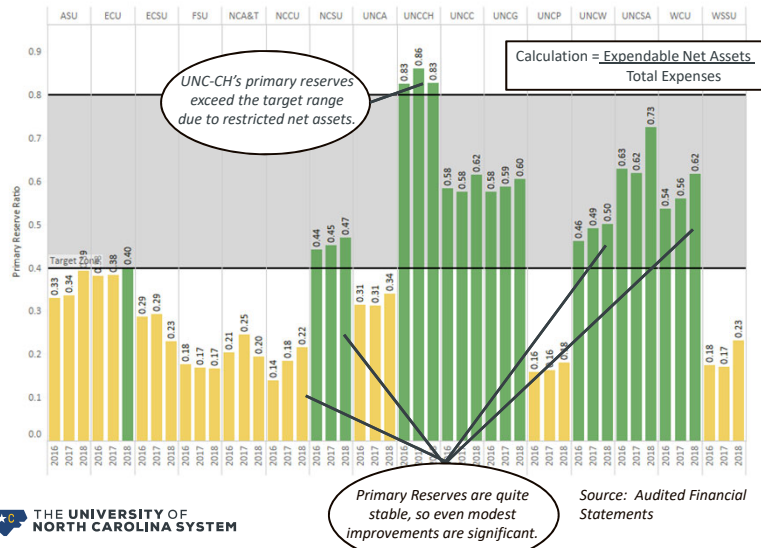


COMPOSITE FINANCIAL INDEX

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Primary Reserve Ratio

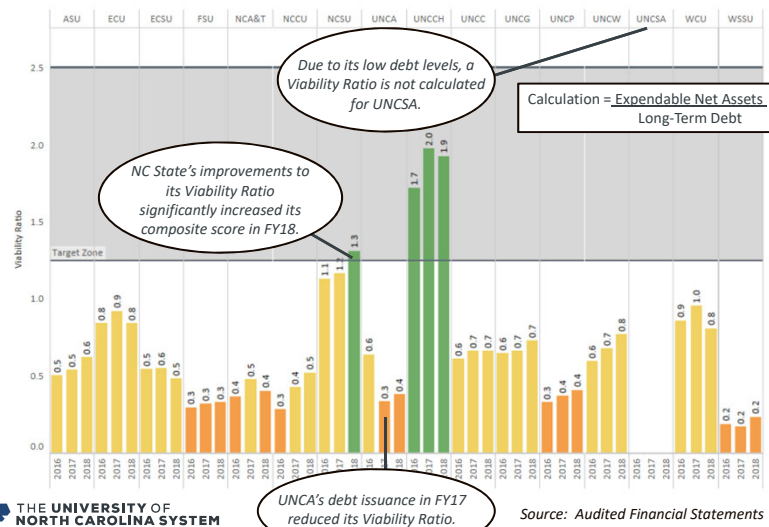
Are resources sufficient and flexible enough to support the mission?



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Viability Ratio

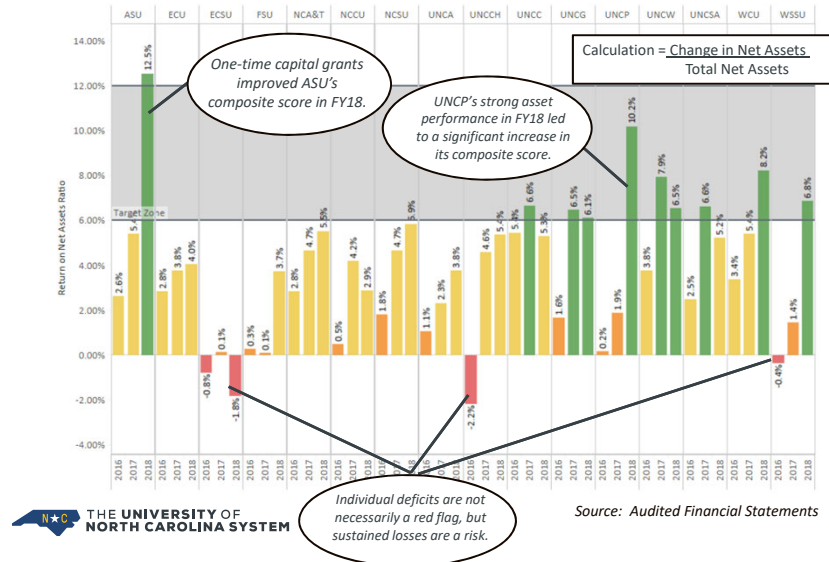
Are resources, including debt, managed strategically to advance the mission?



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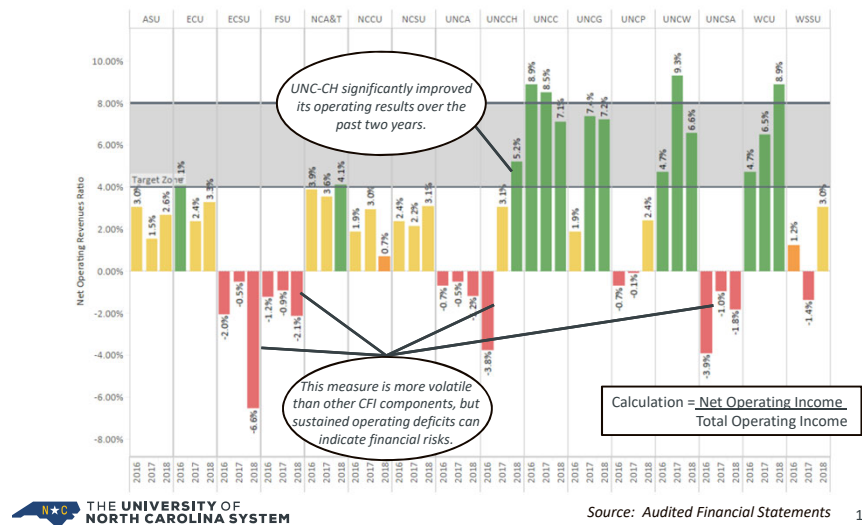
Return on Net Assets Ratio

Does asset performance and management support the strategic direction?



Net Operating Revenues Ratio

Do operating results indicate that an institution is living within available resources?





TUITION AND AFFORDABILITY

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Tuition and Affordability

Metrics were selected to answer these key questions:

How much does education cost in North Carolina?

- Tuition & Fees (Sticker Price)
- Total Cost of Attendance

What portion of North Carolina's median household income is required to cover the total cost of education?

- Student Affordability
 - Proposed by the UNC System Strategic Plan
 - Viewable by institution and by state

What portion of tuition and fees does institutional aid cover for the average student?

- Tuition Discount Rate
 - National standard tool used to assess affordability across higher education
 - Tracked annually by NACUBO

What is the "real" cost of tuition and fees for the average student, after accounting for institutional financial aid?

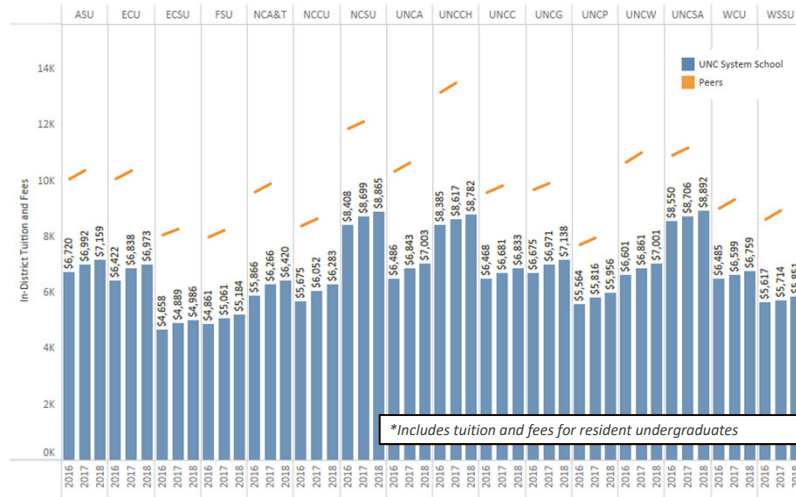
- Net Tuition per Student
 - Calculated by the National Center for Education Statistics



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Tuition and Fees (Sticker Price)

How much does higher education cost in North Carolina?

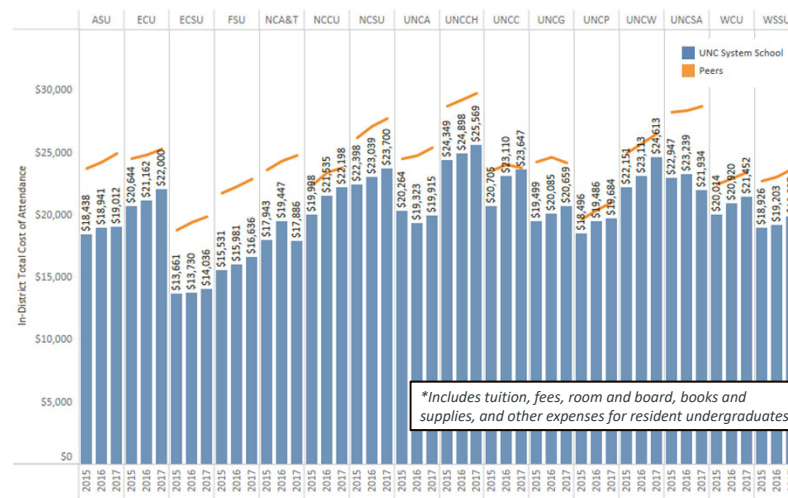


THE UNIVERSITY OF NORTH CAROLINA SYSTEM

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Total Cost of Attendance

How much does higher education cost in North Carolina?



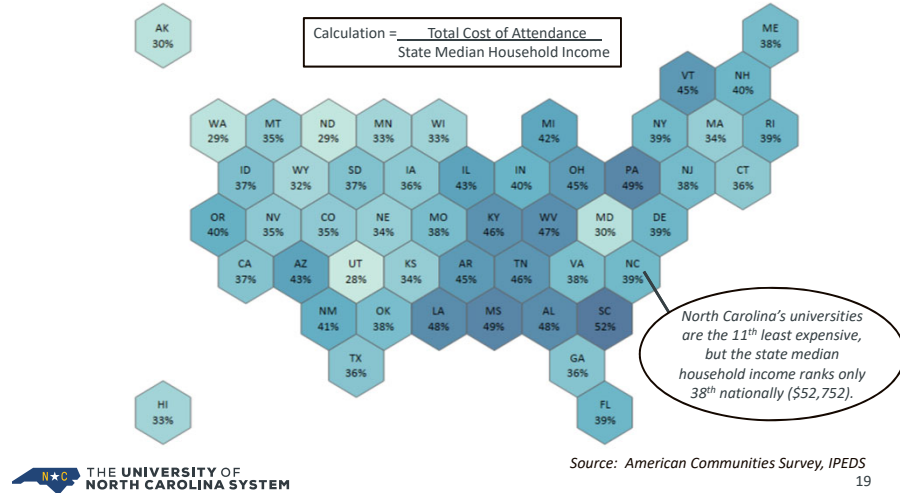
THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Source: IPEDS

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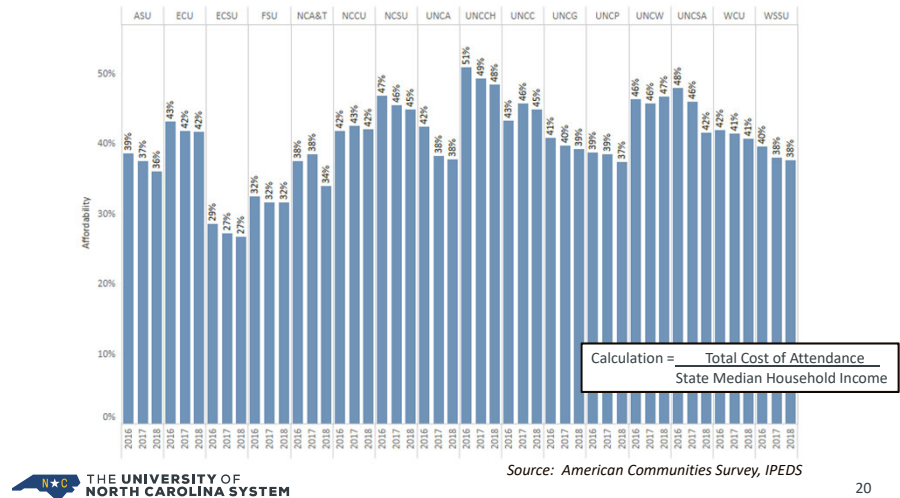
Student Affordability (by State)

What portion of a state's median household income is required to cover the total cost of education in that state?



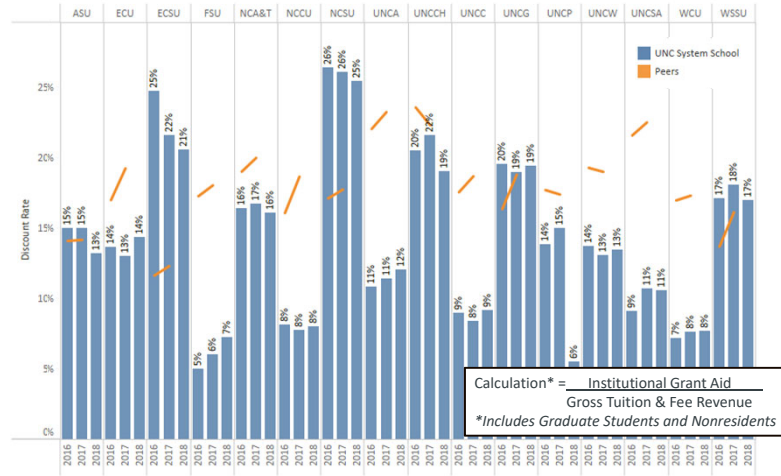
Student Affordability (UNC System)

What portion of North Carolina's median household income is required to cover the total cost of education for a particular institution?



Tuition Discount Rate

What portion of tuition and fees does institutional aid cover for the average student?

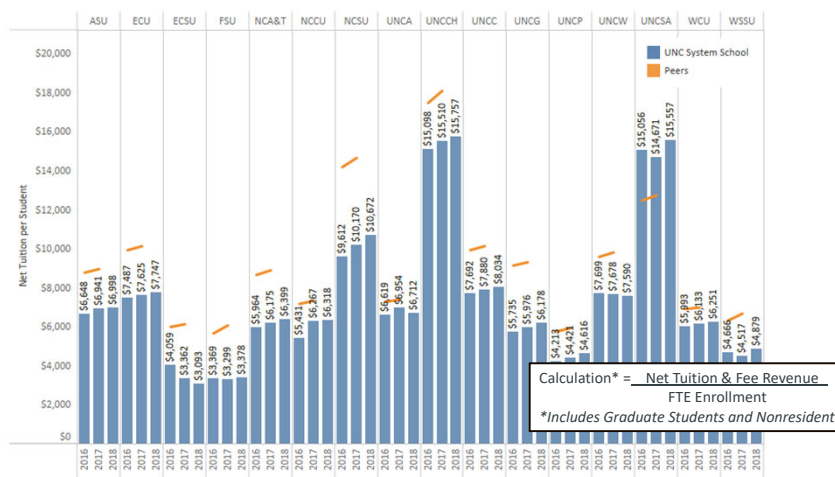


THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Source: IPEDS 21

Net Tuition

What is the "real" cost of tuition and fees for the average student, after accounting for institutional financial aid?



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Source: American Communities Survey, IPEDS

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FINANCIAL STATEMENT MEASURES

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Financial Statement Measures

- An institution's credit rating is an important sign of financial health.
 - Credit rating directly impacts an institution's cost of capital.
- Selection of KPIs:
 - Moody's publishes a scorecard that provides guidance on its rating methodology for colleges and universities.
 - The methodology weights financial factors, which can be used to estimate the impact of each sub-factor on a university's implied credit rating.
- Implications for Public Universities:
 - High ratings may reflect credit strengths, including:
 - Long-term demand for education
 - Ongoing governmental support
 - Accumulation of endowment assets
 - Donor support
 - Low ratings may imply financial risks based on a university's strategic or financial positioning.



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Financial Statement Measures

Public University Quantitative Scorecard Ranges

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor 1: Market Profile (30%)									
Scope of Operations	15%	≥ 2,700,000	< 2,700,000 ≥ 400,000	< 400,000 ≥ 75,000	< 75,000 ≥ 40,000	< 40,000 ≥ 30,000	< 30,000 ≥ 15,000	< 15,000 ≥ 8,000	< 8,000
Operating Revenue (\$000)									
Reputation and Pricing Power	5%	≥ 8	< 8 ≥ 6	< 6 ≥ 4	< 4 ≥ 2	< 2 ≥ 0	< 0 ≥ -6	< -6 ≥ -11	< -11
Annual Change in Operating Revenue (%)									
Strategic Positioning	10%	Exceptional	Excellent	Very Good	Good	Fair	Poor	Very Poor	*
Factor 2: Operating Performance (25%)									
✓ Operating Results	10%	≥ 20	< 20 ≥ 11	< 11 ≥ 4.5	< 4.5 ≥ 1	< 1 ≥ -2	< -2 ≥ -3.5	< -3.5 ≥ -5	< -5
Operating Cash Flow Margin (%)									
Revenue Diversity	15%	≥ 35	> 35 ≤ 50	> 50 ≤ 67	> 67 ≤ 75	> 75 ≤ 82	> 82 ≤ 88	> 88 ≤ 95	> 95
Maximum Single Contribution (%)									
Factor 3: Wealth & Liquidity (25%)									
Total Wealth	10%	≥ 2,500,000	< 2,500,000 ≥ 100,000	< 100,000 ≥ 25,000	< 25,000 ≥ 10,000	< 10,000 ≥ 2,300	< 2,300 ≥ 900	< 900 ≥ 350	< 350
Total Cash & Investments (\$000)									
✓ Operating Reserve	10%	≥ 1	< 1 ≥ 0.5	< 0.5 ≥ 0.15	< 0.15 ≥ 0.05	< 0.05 ≥ 0.044	< 0.044 ≥ 0.038	< 0.038 ≥ 0.032	< 0.032
Spendable Cash & Investments to Operating Expenses (x)									
✓ Liquidity	5%	≥ 260	< 260 ≥ 140	< 140 ≥ 50	< 50 ≥ 25	< 25 ≥ 14	< 14 ≥ 8	< 8 ≥ 6	< 6
Monthly Days Cash on Hand									
Factor 4: Leverage (20%)									
✓ Financial Leverage	10%	≥ 3	< 3 ≥ 0.75	< 0.75 ≥ 0.2	< 0.2 ≥ 0.12	< 0.12 ≥ 0.06	< 0.06 ≥ 0.035	< 0.035 ≥ 0.021	< 0.021
Spendable Cash & Investments to Total Debt (x)									
✓ Debt Affordability	10%	> 0 ≤ 4	> 4 ≤ 10	> 10 ≤ 16	> 16 ≤ 22	> 22 ≤ 34	> 34 ≤ 46	> 46 ≤ 58	> 58 < 0
Total Debt to Cash Flow (x)									

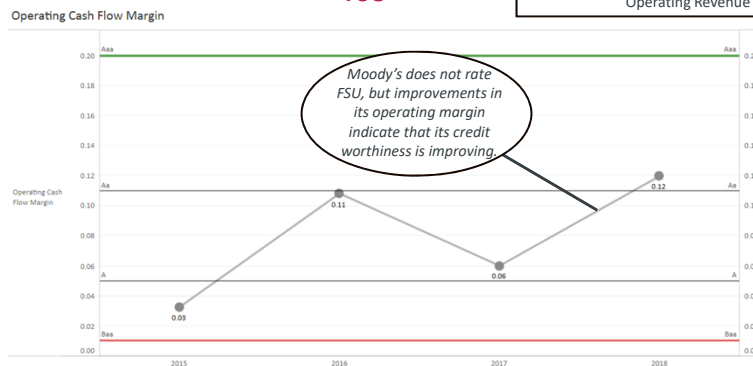
Source: Moody's Investor Service

Operating Cash Flow Margin

Does an institution have strong operating results and sufficient budgetary flexibility?

FSU

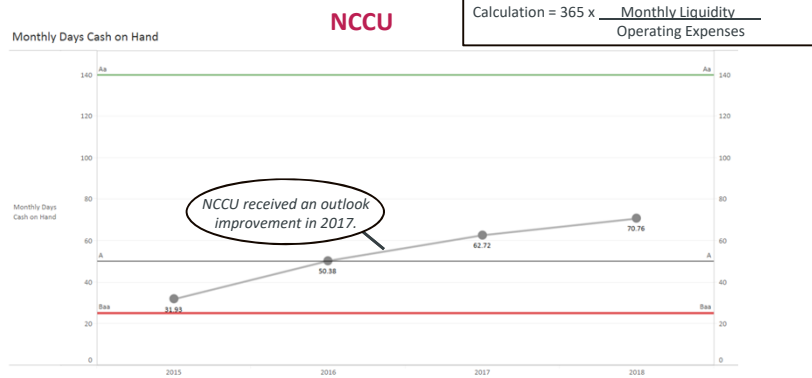
$$\text{Calculation} = \frac{\text{Operating Cash Flow}}{\text{Operating Revenue}}$$



- Measures operating results and budgetary flexibility; compares net income to operating revenue.
- Public universities should aim for a minimum of 1% margin for financial health, with greater than 20% leading to the highest rating.

Monthly Days Cash on Hand

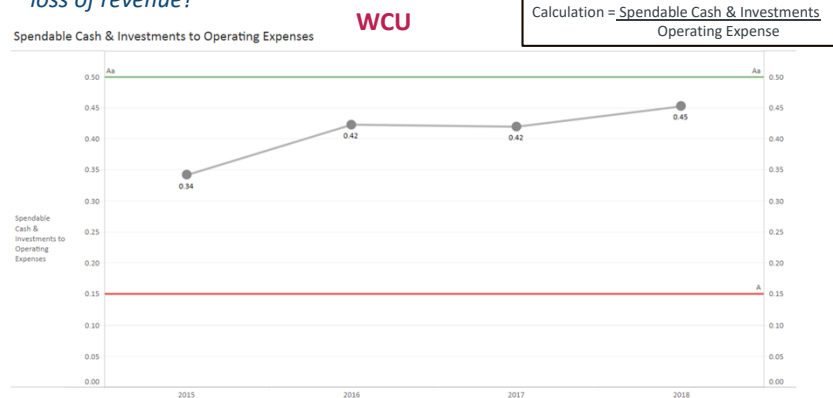
Does an institution have sufficient liquidity to cover its operations?



- Measures liquidity by calculating the number of days that a university could pay its operating expenses from unrestricted sources without additional revenue.
- Public universities should aim for a minimum of 25 days cash on hand for financial health, with greater than 260 days leading to the highest rating.

Spendable Cash & Investments to OpEx

Is an institution's total wealth sufficient to cover its costs in an event of loss of revenue?



- Measures total wealth of an institution by comparing its spendable resources to its expenses.
- Public universities should aim for a minimum ratio of .05 for financial health, with greater than 1.0 leading to the highest rating.

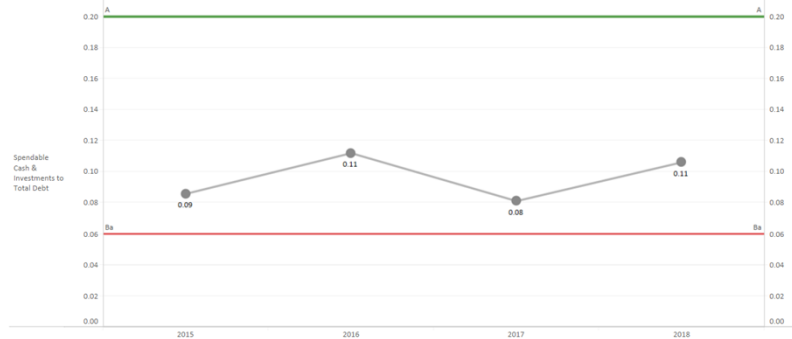
Spendable Cash & Investments to Total Debt

Does an institution have a reasonable level of debt given its existing financial resources?

Spendable Cash & Investments to Total Debt

WSSU

Calculation = $\frac{\text{Spendable Cash \& Investments}}{\text{Total Debt}}$



- Measures financial leverage; indicates a university's ability to repay its bondholders based on existing wealth (not new revenues).
- Public universities should aim for a minimum ratio of .12 for financial health, with greater than 3.0 leading to the highest rating.

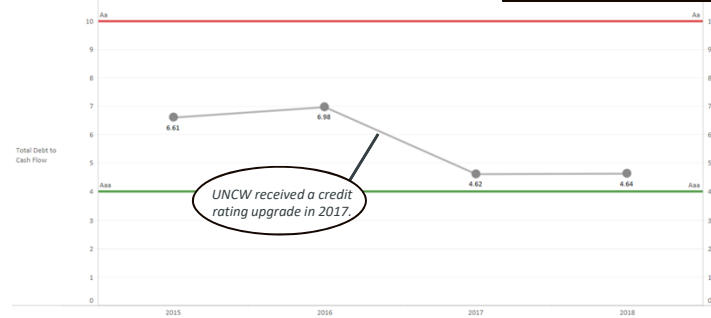
Total Debt to Cash Flow

Is an institution's debt affordable given its current operations?

Total Debt to Cash Flow

UNCW

Calculation = $\frac{\text{Total Debt}}{\text{Operating Cash Flow}}$



- Measures debt affordability; indicates a university's ability to repay bondholders using its current operations (not reserves).
- A lower ratio indicates greater financial health.
- Public universities should aim for a maximum ratio of 22 for financial health, with less than 4 leading to the highest rating.



INSTITUTIONAL REVENUES AND EXPENSES

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Institutional Revenues and Expenses

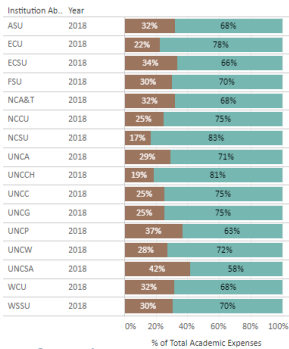
- In addition to more complicated measures, some more basic information can be important to understanding financial health and activity.
- Selection of KPIs:
 - Any measures used by the UNC System should be nationally accepted financial metrics for Higher Education.
 - Measures should be calculated based on IPEDS and UNC Student Datamart information.
- Metrics were selected to answer these key questions:
 - How does an institution spend its resources?
 - **Instruction Expense vs. Administration Expense**
 - What is the average level of state support for students at each institution?
 - **Average State Appropriations per Student FTE**
 - How dependent are institutions on their two primary revenue streams?
 - **Tuition Dependency and Appropriations Dependency**



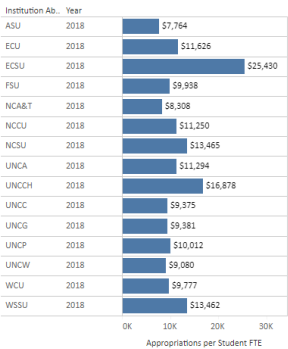
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Institutional Revenues and Expenses

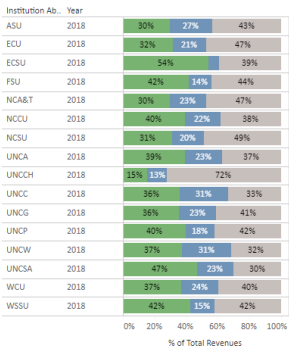
Administration vs Instruction



Appropriations per Student FTE



Appropriations vs Tuition Dependency



Key Questions

- How does an institution spend its resources?
- What is the average level of state support for students at each institution?
- How dependent are institutions on their two primary revenue streams?



Source: UNC Student Datamart, IPEDS 33

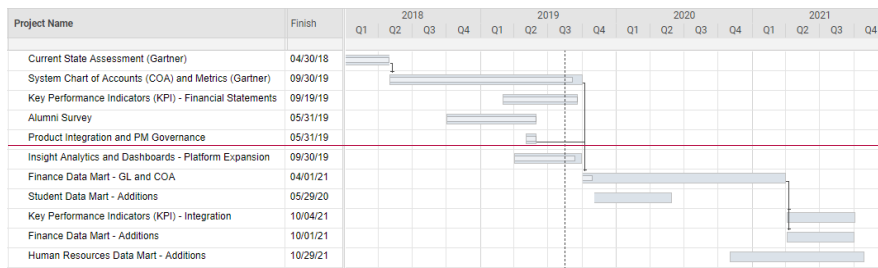


NEXT STEPS

Data Modernization & Integration (DMI)

The DMI Program coordinates projects that enable sophisticated analysis of UNC System operations -- student, employee, and financial information -- efficiently and effectively.

Completed and Planned DMI Projects 2018-2021:



QUESTIONS?

AGENDA ITEM

A-5. Disposition of Property by Deed – NC State University Katherine Lynn

- Situation:** NC State is requesting approval of disposition by deed to the Department of Transportation of four properties located on Brickhaven Drive for the I-440 Expansion project.
- Background:** NC State is requesting approval to dispose of four properties on Brickhaven Drive. The properties are located on the southwest corner of the intersection of I-440 and Hillsborough Street and are approximately 4.2 acres. The I-440 expansion project will require the demolition of an existing parking lot and two buildings. The funds from the disposition will revert to NC State by statute and will be used to remedy the impact from the I-440 expansion project. The estimated value of the disposition is \$6.5 million.
- Assessment:** The disposition of property by deed is recommended to support the I-440 expansion project.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Disposition of Property by Deed – North Carolina State University

ISSUE OVERVIEW

NC State is requesting approval of disposition by deed to the Department of Transportation of four properties located on Brickhaven Drive for the I-440 Expansion project. The four properties on Brickhaven Drive are the primary properties that will be affected by the I-440 expansion project. Additional dispositions required to support the I-440 expansion project will be presented at a future date.

The four properties are located at the southwest corner of the intersection of I440 and Hillsborough Street and include the following:

- 512 Brickhaven Drive
- 510 Brickhaven Drive
- 516 Brickhaven Drive
- 520 Brickhaven Drive

The total acreage is approximately 4.2 acres. The I-440 expansion project will require the demolition of a portion of an existing parking lot and two buildings located at 516 Brickhaven Drive and 520 Brickhaven Drive. The total appraised value of the Brickhaven Complex is approximately \$6.5 million, which will revert to NC State by statute, to remedy the impact from the project. NC State will use the funds to provide replacement parking spaces and to renovate space in an existing building to accommodate the faculty and staff that will be displaced by the demolition.

RECOMMENDATION

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

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

Institution or Agency: North Carolina State University

Date: September 9, 2019

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by ~~(sale), (lease), (rental), or (land exchange)~~:

Assent to reallocation

This disposition is recommended for the following reasons:

The subject property is being acquired by the Department of Transportation as part of the I-440 Expansion Project (STIP Project No. U-2719).

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

The subject property is located on West Campus and encompasses portions of 512 Brickhaven Drive, 510 Brickhaven Drive, 516 Brickhaven Drive, and 520 Brickhaven Drive. The final quantity, description and exact location of the reallocated property will be determined by survey and is expected to be approximately +/- 4.2 acres.

Estimated value: \$6,500,000.00

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

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

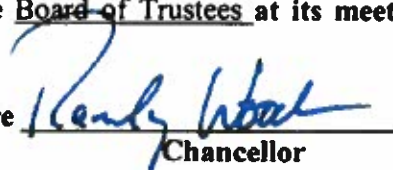
Rental income, if applicable, and suggested terms: N/A

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

Pursuant to Section 34.4, S.B. 99, 2017 Reg. Sess. (NC 2017), compensation for any impact from the I-440 Expansion Project to lands allocated to North Carolina State University shall be deposited in the university's account and shall be used to remedy the impact from the I-440 Expansion Project.

Action recommending this transaction was taken by the Board of Trustees at its meeting held on September 13, 2019.

Signature


Chancellor

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form

Number: PO-2

Preparation

Date: 9/9/2019

Request: Assent to reallocation of property being acquired by the Department of Transportation as part of the I-440 Expansion Project (STIP Project No. U-2719).

Institution NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

W. P. Woolen
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY

J. A. Clark
(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,
NCSU

Thomas E. Glavin
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

(Secretary's Signature)

**DISPOSITION
OF REAL PROPERTY**

ASSENT TO REALLOCATION

GRANTOR State of North Carolina on behalf of North Carolina State University

GRANTEE State of North Carolina

LOCATION 512 Brickhaven Drive
510 Brickhaven Drive
516 Brickhaven Drive
520 Brickhaven Drive

SIZE +/- 4.2 acres

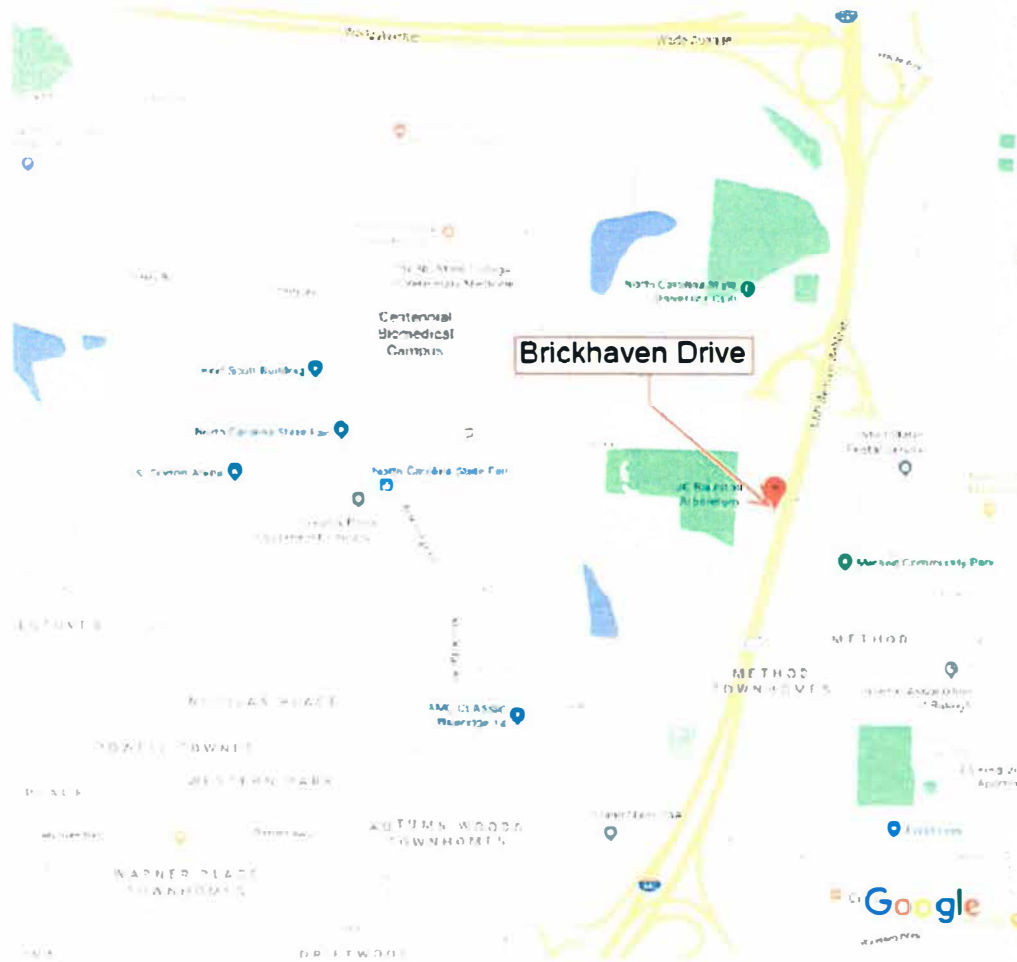
RATE \$6,500,000.00

TERM Permanent

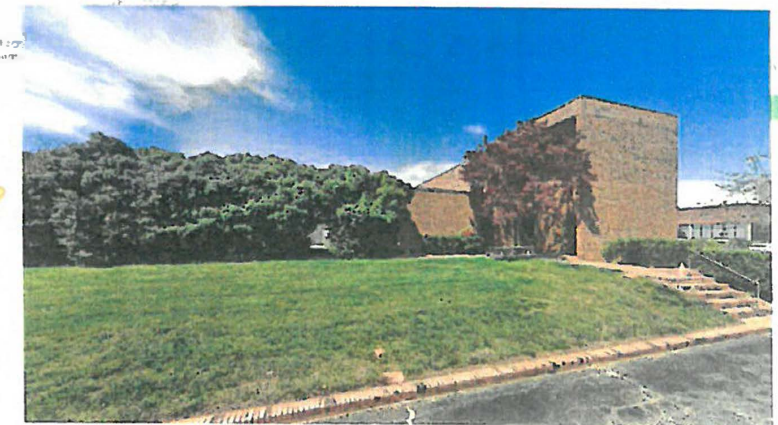
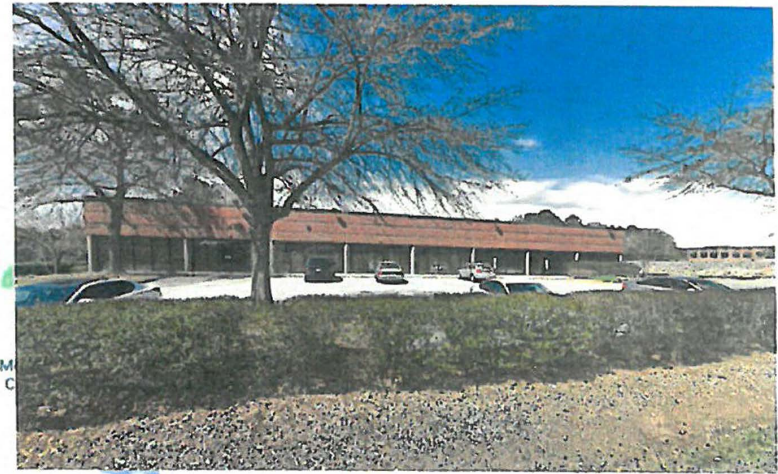
USE The subject property is being acquired by the Department of Transportation as part of the I-440 Expansion Project (STIP Project No. U-2719).

Brickhaven Drive

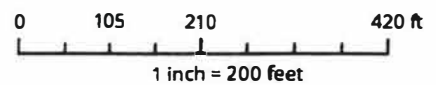
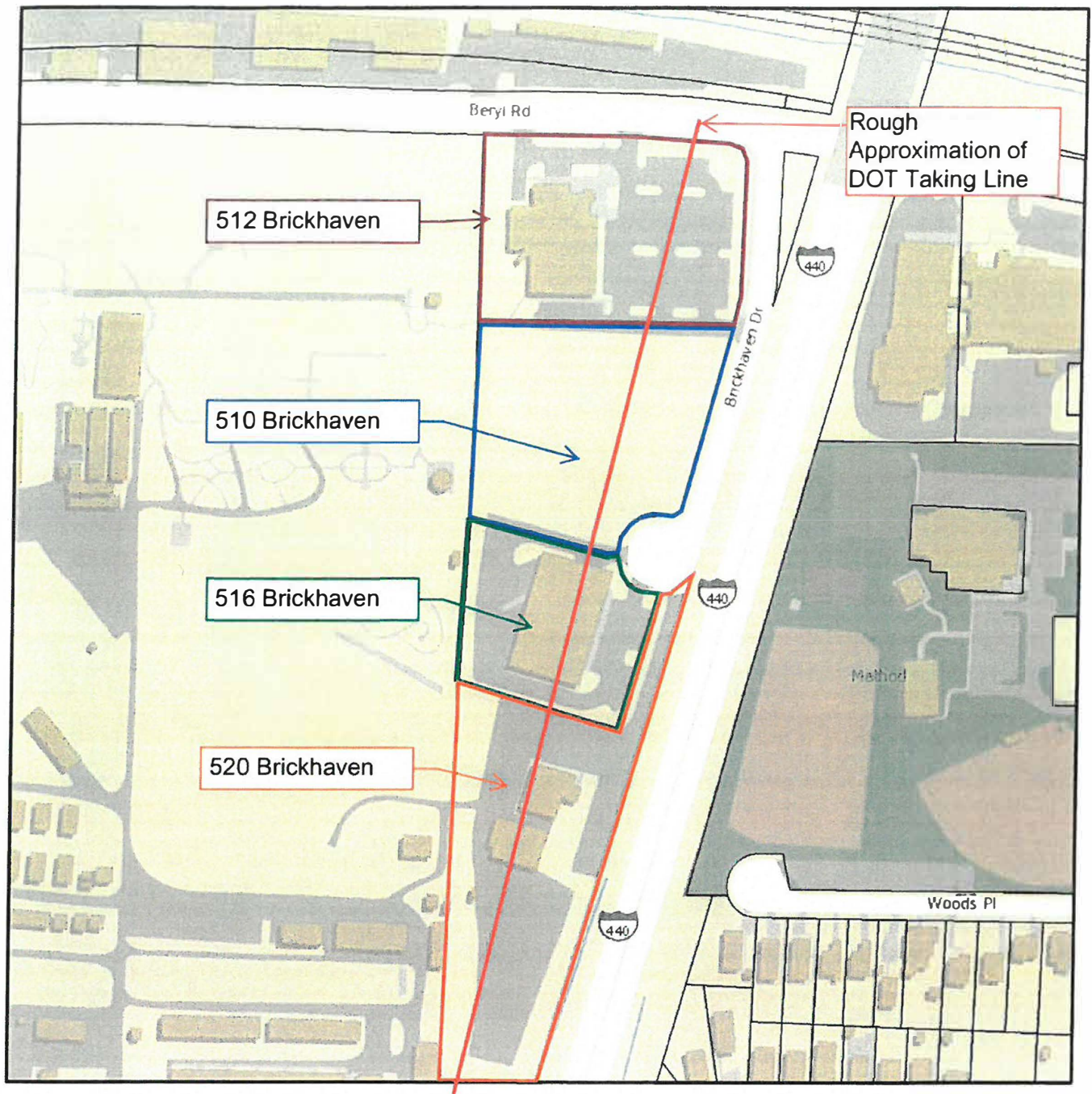
Vicinity Map and Impacted Buildings



516 Brickhaven Drive



520 Brickhaven Drive



Disclaimer

*IMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.*

AGENDA ITEM

A-6. Capital Improvement Projects – Appalachian, ECU, FSU, N.C. A&T, NC State, UNC-Chapel Hill, UNC Greensboro, UNC Pembroke, UNC Wilmington, and UNC-TV Katherine Lynn

Situation:	There are 9 UNC System institutions and one affiliate that have requested a total of 19 capital improvement projects: 3 projects for advance planning, 8 new projects for authority, and 8 projects for increased authorization.
Background:	The Board of Governors may authorize capital construction projects and advance planning projects at UNC System institutions using available funds.
Assessment:	Appalachian, ECU, FSU, N.C. A&T, NC State, UNC-Chapel Hill, UNC Greensboro, UNC Pembroke, UNC Wilmington, and UNC-TV have requested projects that meet the statutory requirements, and it is recommended that the Board of Governors approve the projects and their methods of funding. It is further recommended that these projects be 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.
Action:	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Capital Improvement Projects - Appalachian, ECU, FSU, N.C. A&T, NC State, UNC-Chapel Hill, UNC Greensboro, UNC Pembroke, UNC Wilmington, and UNC-TV

ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

There are 9 UNC System institutions and one affiliate that have requested a total of 19 capital improvement projects: 3 for advance planning, 8 new projects for authority, and 8 projects for increased authorization.

I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina State University					
1.	Renovations to Data Center II	\$ 6,500,000	\$ -	\$ 550,000	Trust funds
2.	Restroom Renovations at McKimmon Center	\$ 1,100,000	\$ -	\$ 110,000	Endowment funds
<i>NC State Subtotal</i>		<i>\$ 7,600,000</i>	<i>\$ -</i>	<i>\$ 660,000</i>	
University of North Carolina at Chapel Hill					
3.	Parking Deck & Lot Camera Upgrades	\$ 1,500,000	\$ -	\$ 300,000	Parking receipts
<i>UNC-Chapel Hill Subtotal</i>		<i>\$ 1,500,000</i>	<i>\$ -</i>	<i>\$ 300,000</i>	

II. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
East Carolina University					
4.	Innovation Hub (formerly Building 43 Renovation)	\$ 4,900,000	\$ 6,999,998	\$ 4,900,000	Carry-forward (59%)/ Gifts (41%)
<i>ECU Subtotal</i>		<i>\$ 4,900,000</i>	<i>\$ 6,999,998</i>	<i>\$ 4,900,000</i>	
North Carolina A&T State University					
5.	University Farm Amphitheater	\$ 1,200,000	\$ -	\$ 1,200,000	Grant
<i>N.C. A&T Subtotal</i>		<i>\$ 1,200,000</i>	<i>\$ -</i>	<i>\$ 1,200,000</i>	

II. NEW PROJECTS cont'd

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina State University					
6.	Electrical Distribution Upgrade	\$ 58,800,000	\$ -	\$ 58,800,000	F&A (59%)/ Trust funds (41%)
7.	Parking Lot Replacement - 512 Brickhaven Drive	\$ 800,000	\$ -	\$ 800,000	DOT Receipts
8.	Ricks Hall 2nd Floor Renovation	\$ 5,500,000	\$ -	\$ 5,500,000	DOT Receipts
9.	Tenant Space Renovations – Centennial Campus	\$ 4,000,000	\$ -	\$ 4,000,000	Trust funds
<i>NC State Subtotal</i>		\$ 69,100,000	\$ -	\$ 69,100,000	
University of North Carolina Wilmington					
10.	CIS Building Improvements - Congdon Gift	\$ 2,922,270	\$ -	\$ 2,922,270	Gifts
11.	Coastal Engineering Laboratory Facility	\$ 6,030,385	\$ -	\$ 6,030,385	Trust funds
<i>UNC Wilmington Subtotal</i>		\$ 8,952,655	\$ -	\$ 8,952,655	

III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
Appalachian State University					
12.	Appalachian Heights HVAC Upgrades	\$ 6,455,348	\$ 1,650,000	\$ 4,805,348	Housing receipts
<i>Appalachian Subtotal</i>		\$ 6,455,348	\$ 1,650,000	\$ 4,805,348	
Fayetteville State University					
13.	Health and Wellness Facility	\$ 7,500,000	\$ 5,500,000	\$ 2,000,000	City of Fayetteville
<i>FSU Subtotal</i>		\$ 7,500,000	\$ 5,500,000	\$ 2,000,000	
North Carolina State University					
14.	Creamery Café & Education Center	\$ 1,550,000	\$ 1,250,000	\$ 300,000	Gifts
<i>NC State Subtotal</i>		\$ 1,550,000	\$ 1,250,000	\$ 300,000	
University of North Carolina at Chapel Hill					
15.	UNC Parking Decks – LED Lighting Safety Upgrades	\$ 1,500,000	\$ 1,100,000	\$ 400,000	Parking receipts
16.	Burnett Womack Conference Center	\$ 1,928,000	\$ 1,720,000	\$ 208,000	Clinical receipts
<i>UNC-Chapel Hill Subtotal</i>		\$ 3,428,000	\$ 2,820,000	\$ 608,000	

III. INCREASED AUTHORIZATION cont'd

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
The University of North Carolina at Greensboro					
17.	Coleman Athletics Weight Room Alterations (Room 123)	\$ 1,250,000	\$ 1,000,000	\$ 250,000	Gifts
<i>UNC Greensboro Subtotal</i>		\$ 1,250,000	\$ 1,000,000	\$ 250,000	
The University of North Carolina Pembroke					
18.	West Hall Comprehensive Renovation	\$ 13,668,065	\$ 11,368,065	\$ 2,300,000	Carry-forward (65%)/ Hurricane Relief Funds (35%)
<i>UNC Pembroke Subtotal</i>		\$ 13,668,065	\$ 11,368,065	\$ 2,300,000	
University of North Carolina Television					
19.	WUNC-TV FCC Mandated Transmitter Re-Channel	\$ 36,092,844	\$ 34,649,364	\$ 1,443,480	Trust funds
<i>UNC-TV Subtotal</i>		\$ 36,092,844	\$ 34,649,364	\$ 1,443,480	
Grand Total		\$ 163,196,912	\$ 65,237,427	\$ 96,819,483	

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.

AGENDA ITEM

A-7. Disposition of Property by Demolition – Appalachian State University..... Katherine Lynn

- Situation:** The Board of Trustees of Appalachian State University requests authorization to demolish the Justice Residence Hall for the construction of new student housing.
- Background:** The Appalachian Board of Trustees approved the demolition of Justice Residence Hall on July 25, 2019. The structure to be demolished is a 67-year old building that is currently used for student housing. Due to the age, deteriorated condition, and code compliance issues, it has been determined that new construction is more cost effective than renovation of the existing building.
- Assessment:** The demolition of Justice Residence Hall is required to accommodate construction of Phase III of the new Public-Private Partnership (P3) housing project.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda, and approval by the Council of State.

Disposition of Property by Demolition – Appalachian State 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 Appalachian State University has requested authorization to demolish one (1) structure located on the campus in Boone, NC:

<u>STRUCTURE</u>	<u>GSF</u>	<u>YEAR BUILT</u>
1. Justice Residence Hall, 189 Stadium Drive	+/- 63,651	1952

The reason for this demolition is to construct Phase III of the new P3 student housing project.

The Appalachian Board of Trustees voted to approve this project at its July 25, 2019 meeting. The Board of Trustees approved the removal by demolition of the existing Justice Residence Hall at 189 Stadium Drive on the main campus. There have been no major renovations or modernizations to the building. The building is a four-story concrete frame building with masonry skin and interior walls and includes 312 beds. The building will be replaced with new student housing, which will include 680 beds in a combination of semi-suite and apartment-style units. It was determined that the cost of renovating the existing structure to comply with current building codes and campus standards would exceed the cost of razing and replacing it with new construction. In 2014, Appalachian completed a study for renovating a similar residence hall on campus and the estimated cost of renovation was \$114,000 per bed. The cost of constructing new beds through the P3 is approximately \$71,000 per bed.

RECOMMENDATION

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

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

Institution or Agency: Appalachian State University

Date: 25 July 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)*. Demolition

This disposition is recommended for the following reasons:

Appalachian State University ("University") is requesting the demolition of Justice Residence Hall, a 67-year-old building used for student housing.

The University researched the renovation of the existing facility as a part of developing a master plan for student housing. It was determined to be more cost effective to raze the building and replace with new construction compared to renovating the existing facility due to the current condition of the facility and the work required to bring the building up to current building code and campus design standards.

In 2014, the University completed a study for a renovation of a similar residence hall on the University campus with an estimate cost of renovation at over \$114,000 per bed.

The University is expanding its on-campus student housing utilizing a Public-Private Partnership, ("P3") led by its developer partner, RISE. The entire P3 housing project (which noted the need to demolish Justice Residence Hall as part of the phased development) has previously been approved by all applicable State authorities, and Phase 1 of the project is currently underway. The third Phase of this project includes a new Student Housing Building on the plot of land currently occupied by Justice Residence Hall and an adjoining plot. The construction cost for the new facilities through the P3 is approximately \$ 71,000 per bed.

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

Built in 1952, 67 years old, Justice Residence Hall is an on-campus student housing residence comprising 63,651 GSF, 38,025 SF Assignable, located at 189 Stadium Drive, Boone, NC 28607, State Property Office Building Asset ID 9272. There have been no major renovations or modernizations in its history. The structure is a four (4) floor concrete frame with masonry skin and interior walls. It has 156 Units/312 Beds.

Estimated value: \$16,549,260 (2015-2016 CRV Estimate)

Where deed is filed, if known: Watauga Country Register of Deeds (Tax Parcel ID: 2900864969000

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

N/A

Rental income, if applicable, and suggested terms:

N/A

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

N/A

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of Appalachian State University and is recorded in the minutes thereof on 25 July 2019 (date).

Signature:

Title:

John M. Bledsoe
Chair, Board of Trustees



AGENDA ITEM

A-8. Disposition of Property by Demolition – N.C. A&T State University Katherine Lynn

Situation:	The Board of Trustees of North Carolina Agricultural and Technical State University requests permission to dispose of property by demolition.
Background:	North Carolina A&T State University is requesting permission to dispose of property by demolition. The structure, located at 913 Bluford Street, was used as a multi-function facility for meetings and storage until fall 2018, when a tree fell on the structure, causing extensive damage beyond repair. The structure has since been a safety hazard.
Assessment:	The disposition of property by demolition will remove a safety hazard and provide for future development. The structure is located within the university master plan.
Action:	This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda, and approval by the Council of State.

Disposition of Property by Demolition – North Carolina A&T State 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 N.C A&T has requested authorization to demolish the existing structure at 913 Bluford Street. The structure was used as a multi-functional facility for meetings and storage until fall 2018, when a tree fell through the structure. The structure is damaged beyond repair and is a safety hazard. The N.C. A&T Board of Trustees voted at its November 22, 2013 meeting to approve the demolition of the structure upon its acquisition of property in support of the university master plan.

RECOMMENDATION

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

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

Institution or Agency: North Carolina A&T State University

Date: 8/7/2019

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)*. Demolition

This disposition is recommended for the following reasons:

**North Carolina A&T State University seeks to demolish this structure located at
913 Bluford Street.**

This facility was used as a multi-function facility for meetings and storage until fall of 2018 when a tree fell through the structure causing extensive damage beyond repair. North Carolina A&T State University seeks permission to raze this property. This structure is located within the university master plan.

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

Estimated value: 287,300.00

Where deed is filed, if known: Guilford County Courthouse

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

State of North Carolina

Rental income, if applicable, and suggested terms:

N/A

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

N/A

(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of NCA&T and is recorded in the minutes thereof on November 22, 2013 (date).

Signature:
Title:

Andrew M. Felker
AVC Facilities

Guilford County, NC

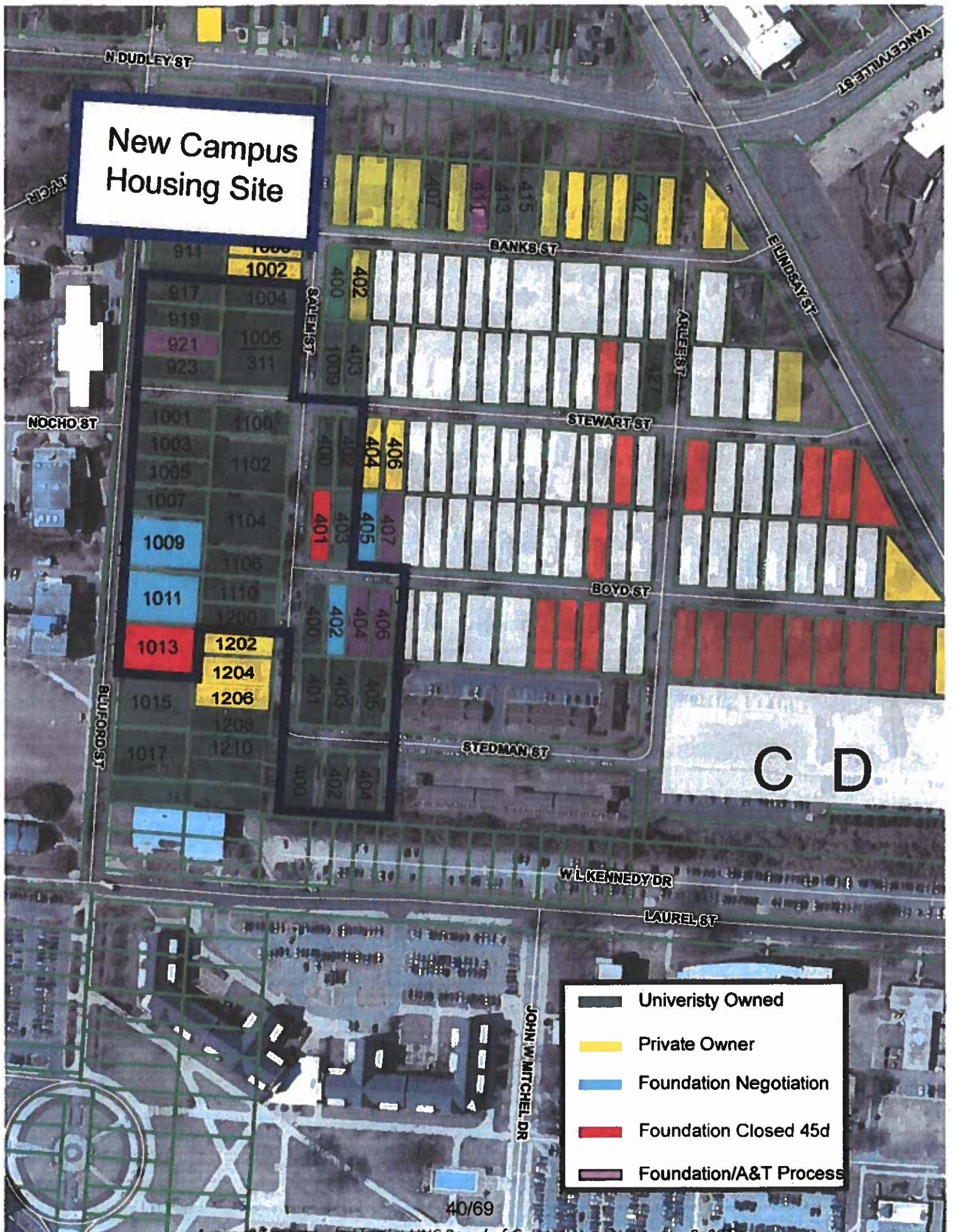


Parcel Number	4791	Total Out Building Value	600
PIN	7874071398	Total Land Value	48800
Owner	STATE OF NORTH CAROLINA	Total Deferred Value	0
Owner History	Card Image	Bldg Card	1
Mail Address	1321 MAIL SERVICE CENTER	Appraisal Model Code	1
Mail City	RALEIGH	Deed Date	3/26/2010
Mail State	NC	Neighborhood	7874B36
Mail Zip	27699	Property Type	GOV OWNED
Property Address	913 BLUFORD ST	Structure Size	
Legal Description	18 & 19 BH PB 6-83 RATE 01 BM6-83	Lot Size	0.28
Deed	007110-00663	Year Built	1982
Plat	6-83	Bedrooms	
Condo		Bathrooms	
Total Assessed	287300	Grade	C
Total Building Value	237900		



Disclaimer: While every effort is made to keep information provided over the internet accurate and up-to-date, Guilford County does not certify the authenticity or accuracy of such information. No warranties, express or implied, are provided for the records and/or mapping data herein, or for their use or interpretation by the User.

Map Scale
1 inch = 42 feet
9/4/2019



AGENDA ITEM

A-9. Acquisition and Disposition of Property by Deed – NC State University Katherine Lynn

- Situation:** The Board of Trustees of North Carolina State University requests an exchange of real property with the Board of Trustees of the Endowment Fund of North Carolina State University. The transaction includes the transfer of deeds for multiple properties that cumulatively will provide an exchange of equal acreage at the Centennial Campus. The land exchange will support new public-private partnership opportunities related to the development of north Centennial Campus.
- Background:** NC State is requesting an acquisition and disposition of property by deed, which will result in an equal exchange transfer of land. NC State will acquire new parcels on the Centennial Campus, located near the intersection of Blair Drive and Initiative Way and near the intersection of Main Campus Drive and Oval Drive. NC State will dispose of two parcels located in the center and south side of the Centennial Campus. The exact description and location of the properties will be determined by survey, but the acreage totals approximately 9.2 acres.
- Assessment:** The land exchange through the transfer of deeds is recommended to support future development of north Centennial Campus.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Acquisition and Disposition of Property by Deed – NC State University

ISSUE OVERVIEW

The Board of Trustees of North Carolina State University requests an exchange of real property with the Board of Trustees of the Endowment Fund of North Carolina State University. The transaction includes the transfer of deeds for multiple properties that cumulatively will provide an exchange of equal acreage at the Centennial Campus. The land exchange is consistent with the master land-use plan.

NC State is requesting an acquisition and disposition of property by deed, which will result in an equal exchange transfer of land. NC State will acquire two new parcels on the Centennial Campus, one located near the intersection of Blair Drive and Initiative Way and one located near the intersection of Main Campus Drive and Oval Drive. NC State will dispose of two parcels located in the center and south side of the Centennial Campus. The exact description and location of the properties will be determined by survey, but the total acreage is approximately 9.2 acres.

Since all of the properties are located on the Centennial Campus, the land values are considered equal and no appraisal is required. The location of the land to be acquired by NC State will provide more opportunity for development of north Centennial campus and will support new public-private partnership opportunities related to the development of north Centennial campus.

RECOMMENDATION

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

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form

Preparation

Number: PO-2

Date: April 18, 2019

Request: Exchange of real property between the State of North Carolina on behalf of North Carolina State University and the Board of Trustees of the Endowment Fund of North Carolina State University for equal sized acreage on Centennial Campus.

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)

Form-PO 2
Original and one copy to
to State Property Office

STATE OF NORTH CAROLINA
Department of Administration
***DISPOSITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: April 18, 2019

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by ~~(sale)~~, ~~(lease)~~, ~~(rental)~~, or ~~(land exchange)~~:

The disposition is recommended for the following reasons:

This proposed exchanged of real property between the State of North Carolina on behalf of North Carolina State University and the Board of Trustees of the Endowment Fund of North Carolina State University for equal sized acreage on Centennial Campus is for the benefit of the University. The acreage conveyed to the Endowment will supplement the previously approved property exchange and will be used to further public/private partnership opportunities related to the new development on north Centennial Campus consistent with the master land-use plan.

Description of Property:

The new parcels, located on Centennial Campus near the intersection of Blair Drive and Initiative Way and near the intersection of Main Campus Drive and Oval Drive, are to be exchanged for an equal amount of Endowment owned acreage in multiple locations on Centennial Campus. Final quantity, description and exact location will be determined by survey and is expected to be approximately +/- 9.2 acres.

Term: Permanent Conveyance

Estimated value: Equal Value

Where deed is filed, if known: N/A

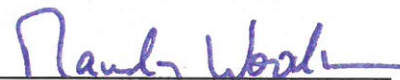
If deed is in the name of agency other than applicant, state the name. N/A

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

Funds from the disposal of this property are recommended for the following use. No cost.

Action recommending this transaction was taken by the Board of Trustees at its meeting held on APRIL 19, 2019.

Signature


Chancellor

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

**DISPOSITION
OF REAL PROPERTY**

PROPERTY EXCHANGE

GRANTOR State of North Carolina on behalf of North Carolina State University

GRANTEE Board of Trustees of the Endowment Fund of North Carolina State University

LOCATION Centennial Campus

SIZE +/- 9.2 acres

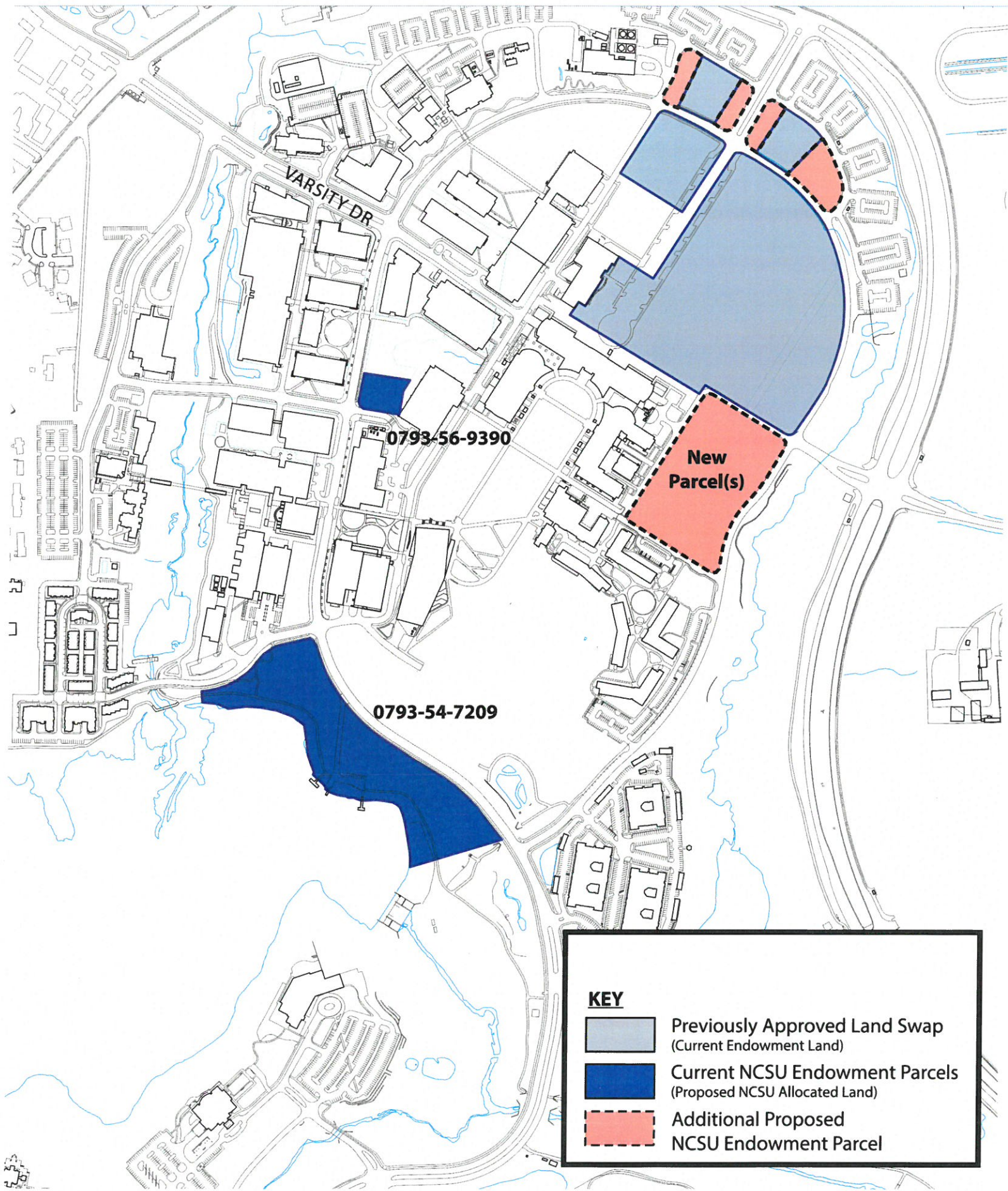
RATE Equal Value

TERM Permanent Conveyance

USE The acreage received by the Endowment will supplement the previously approved property exchange and will be used to further public/private partnership opportunities related to the new development on north Centennial Campus.

Centennial Campus

Endowment Land Exchange



AGENDA ITEM

A-10. Disposition of Property by Deed – UNC System Office Katherine Lynn

- Situation:** The Department of Transportation is requesting approval to purchase a permanent right of way and temporary construction easement along US 29 and SR 4771 (Reedy Fork Parkway) for the purpose of interchange improvements.
- Background:** The property that the Department of Transportation is proposing to purchase is on US 29, which borders Gateway Research Park – North Campus in Browns Summit, NC. Although Gateway Research Park is leased to both UNCG and N.C. A&T, the property is owned by the State of North Carolina on behalf of the Board of Governors. Therefore, the Board must approve the disposition of property by deed. The disposition of property will include 0.601 acres for the right of way and 0.354 acres for the temporary construction easement.
- Assessment:** The disposition of property by deed for the right of way and the granting of the temporary construction easement are recommended to support improved access to Gateway Research Park – North Campus.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Disposition of Property by Deed – UNC System Office

ISSUE OVERVIEW

The Department of Transportation is requesting approval to purchase a permanent right of way along US 29 and requests a temporary construction easement at Gateway Research Park – North Campus in Browns Summit, NC. The requested easement is a strip of land along the entire southeast border of the 75-acre campus and is required to support interchange improvements at US 29 and SR 4771 (Reedy Fork Parkway). The proposed interchange improvements will benefit the campus by providing better access.

Although the property is managed through a partnership between UNCG and N.C. A&T, the property is owned by the State of North Carolina on behalf of the Board of Governors. Therefore, the Board of Governors must approve the disposition of the property by deed and grant the temporary construction easement.

The Department of Transportation is requesting to purchase 0.601 acres for the right of way and requesting a temporary construction easement of 0.354 acres. The property has been appraised by the Department of Transportation for an amount of \$46,675.

RECOMMENDATION

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



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

June 5, 2019

TIP NUMBER: R-4707
WBS ELEMENT 36599.2.1
COUNTY: Guilford
DESCRIPTION: US 29 and SR 4771 (Reedy Fork Parkway) interchange improvements

SUBJECT: Claim of State of NC (Gateway Research Park) Parcel 004

Mr. John Merrill, Executive Director
Gateway Research Park
5900 Summit Avenue
Browns Summit, NC 27214

Dear Mr. Merrill:

I am forwarding to your office, a PO 1, plan sheet, and CADD sketches and descriptions showing the needed Right of Way and Temporary Construction Easement on this project.

The Department of Transportation has determined 0.601 acre of Right of Way (R/W) and 0.354 acre of Temporary Construction Easement (TCE) will be needed for the project.

The Department of Transportation is seeking a Right of Entry due to the project Right of Way Certification date being early next year.

If further information is needed, please do not hesitate to contact me.

Sincerely,

Joe G. Creech, Jr.

Joe G. Creech, Jr.
Special Acquisitions

JGCJR
Attachment
cc: Marianna Pio
Mike Moser

STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: NCDOT

Date: 6-5-2019

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)*. Easement

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

US 29 and SR 4771 (Reedy Fork Parkway) interchange improvements

Name and Address of Present Owner: State of NC Gateway Research Park
ATTN: Mr. John Merrill
5900 Summitt Avenue
Brown Summit, NC 27214

Description of Property: *(Attach additional pages if needed.)*
Irregularly shaped 75 acre tract with non-accessible frontage from US 29 except off Summitt Avenue—
This acquisition area will not effect the overall function of the property

Estimated value: \$46,675.00 Rental price *(if applicable)*: _____

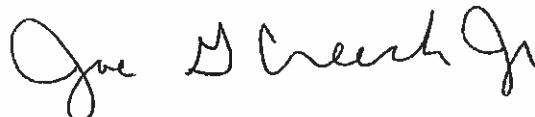
Funds for the acquisition of this property are available in our budget under Code: 36599.2.1, Item: _____, Other: _____

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.

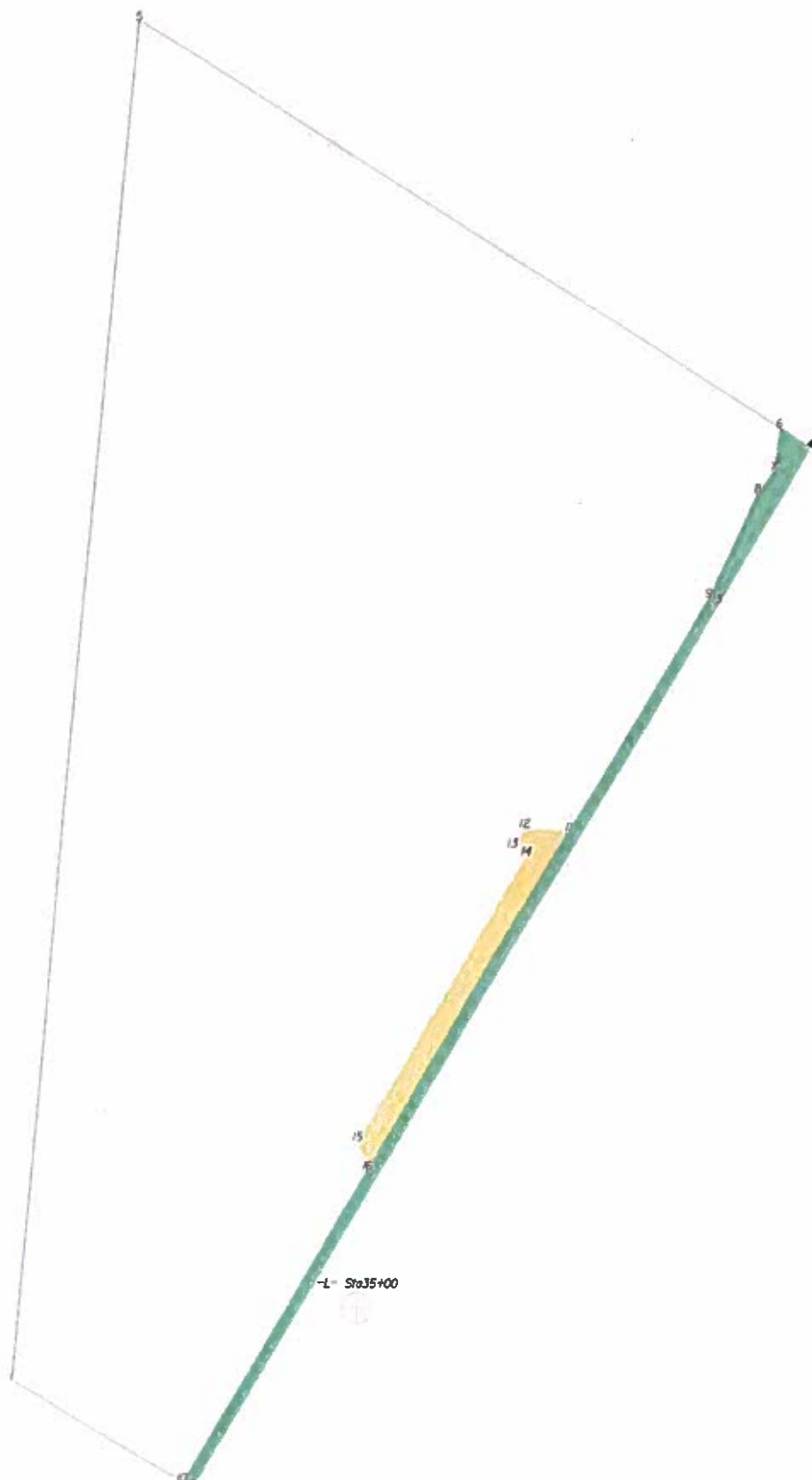
(Complete if Agency has a Governing Board.)

Action recommending the above request was taken by the Governing Board of _____ and is recorded in the minutes thereof on _____ (date).

Signature:



Title:



THIS MAP IS NOT A SURVEY SUBJECT AND HAS NOT BEEN REVIEWED BY A LEGAL SURVEYING AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS. THE PROPERTY SHOWN ON THIS MAP WAS LOCATED FOR THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR RIGHT-OF-WAY PURPOSES ONLY. OTHER VERY EXACT SURVEYING AND RECORDING INFORMATION OF PROPERTY LINES AND MAP IS TO BE USED AS A PHYSICAL REPRESENTATION OF THE SURVEYED ESTATE IN REAL PROPERTY FOR RIGHT-OF-WAY PURPOSES, AND IS NOT TO BE USED IN ANY OTHER MANNER OR FOR ANY OTHER PURPOSE.

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION	
RIGHT OF WAY BRANCH	
STATE OF NORTH CAROLINA	03-25-2009
PAYCEL * 004	SINCE 004/01/00 DRAFT 04/07/09
DB 2652 PG 159	UNKNOWN SCALE

8/11/2006

8/11/2006

--- CURVE DATA
PI STA 12+61.93
Δ = 1° 42' 45.0" (17)
D = 0.75 (100)
L = 1483.07
T = 142.75
R = 27,000.00
E = 0.00

--- CURVE DATA
PI STA 17+77.26
Δ = 1° 42' 45.0" (17)
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T = 142.75
R = 27,000.00
E = 0.00

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T = 142.75
R = 27,000.00
E = 0.00

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L = 1483.07
T = 142.75
R = 27,000.00
E = 0.00

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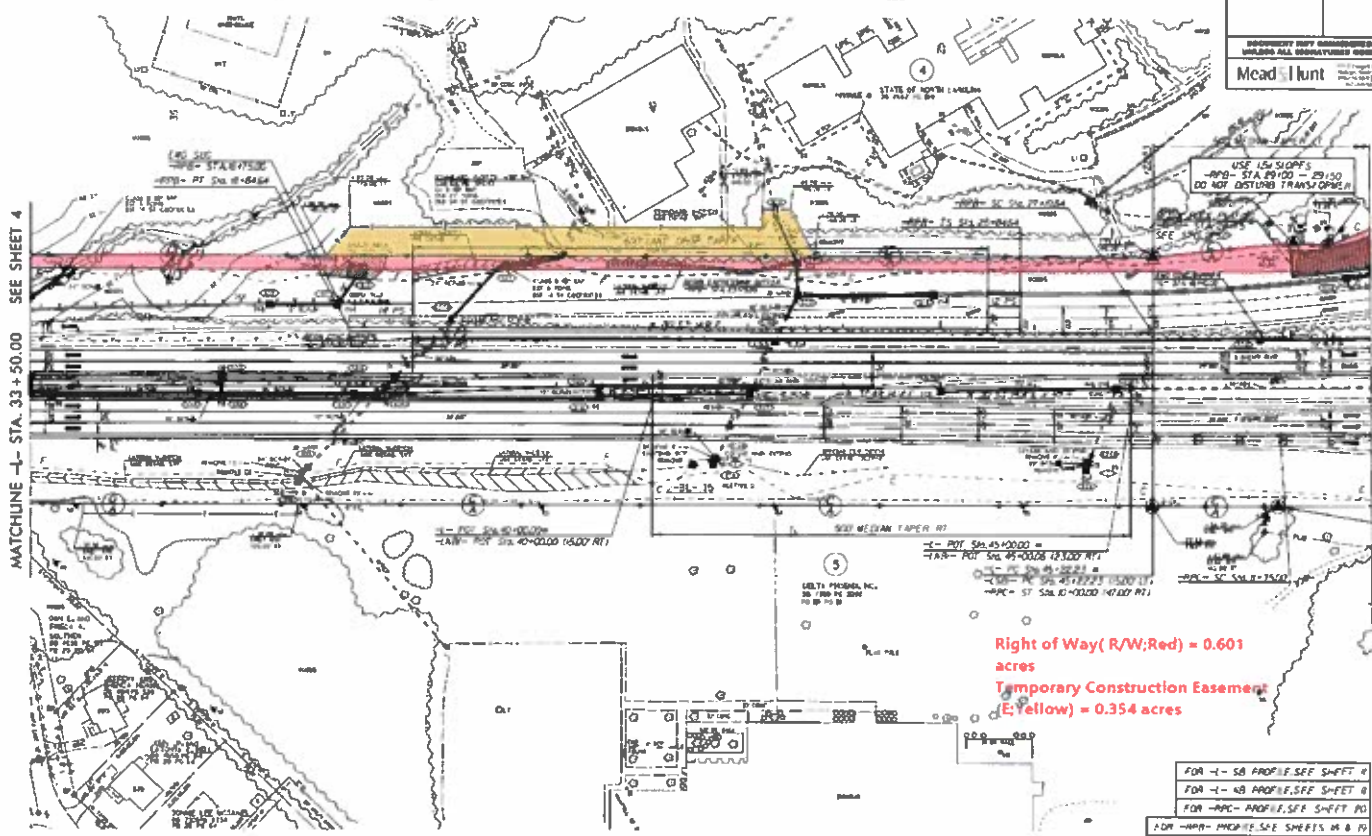
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PI STA 53+90.00
Δ = 1° 42' 45.0" (17)
D = 0.75 (100)
L = 1483.07
T = 142.75
R = 27,000.00
E = 0.00

--- CURVE DATA
PI STA 62+33.00
Δ = 1° 42' 45.0" (17)
D = 0.75 (100)
L = 1483.07
T = 142.75
R = 27,000.00
E = 0.00

PROJECT INFORMATION	
PROJECT NO.	5
DATE	8/11/2006
DESIGNER	
CHECKED	
APPROVED	
DOCUMENT NOT FOR CONSTRUCTION	
UNLESS ALL DIMENSIONS COMPLY	
Mead Hunt	

MATCHLINE - STA. 33+50.00 SEE SHEET 4

MATCHLINE - STA. 47+50.00 SEE SHEET 6



Right of Way (R/W; Red) = 0.601 acres
Temporary Construction Easement (Yellow) = 0.354 acres

FOR - SB PROFILE SEE SHEET 4
FOR - NB PROFILE SEE SHEET 4
FOR - APC PROFILE SEE SHEET 4
FOR - HMA PROFILE SEE SHEETS 4 & 5

R4707_Rdy_Deed_Parcel_004

THIS DATA IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS. THE PROPERTY DESCRIBED HEREIN HAS BEEN LOCATED FOR THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR HIGHWAY DESIGN PURPOSES. SOME ERRORS MAY EXIST BETWEEN THIS DATA AND THE ACTUAL GROUND LOCATION OF PROPERTY LINES. THIS DATA IS TO BE USED AS A GENERAL REPRESENTATION OF THE NCDOT'S INTENT TO ACQUIRE PROPERTY FOR RIGHT OF WAY PURPOSES, AND IN NO WAY REPRESENTS AN ACTUAL BOUNDARY SURVEY OF THIS PROPERTY.

TIP:

Parcel_004

ROW Left

Point of beginning being N 27°18'4.7" E, 1024.651 feet from -L- Sta35+00 thence along a curve 233.406 feet and having a radius of 22793.312 feet. The chord of said curve being on a bearing of N 30°35'38.8" E, a distance of 233.405 feet thence to a point on a bearing of N 57°52'25.9" W 48.151 feet thence to a point on a bearing of S 7°19'23.8" W 56.558 feet thence to a point on a bearing of S 36°43'45.3" W 34.553 feet thence to a point on a bearing of S 25°1'0.6" W 149.005 feet thence to a point on a bearing of S 30°53'14.9" W 1331.665 feet thence to a point on a bearing of S 59°16'40.0" E 15.000 feet thence to a point on a bearing of N 30°53'14.9" E 1331.618 feet returning to the point and place of beginning. Having an area of 26158.770 Sqr feet being 0.601 acres.

TCE Left

Point of beginning being N 24°9'33.1" E, 675.068 feet from -L- Sta35+00 thence to a point on a bearing of N 85°40'39.3" W 55.902 feet thence to a point on a bearing of S 30°53'14.9" W 30.000 feet thence to a point on a bearing of S 59°6'45.1" E 20.000 feet thence to a point on a bearing of S 30°53'14.9" W 430.000 feet thence to a point on a bearing of S 19°18'25.0" E 39.051 feet thence to a point on a bearing of N 30°53'14.9" E 510.000 feet returning to the point and place of beginning. Having an area of 15400.000 Sqr feet being 0.354 acres.

Parcel has Forced Closure



GATEWAY RESEARCH PARK – NORTH CAMPUS
BROWN SUMMIT, NC

AGENDA ITEM

A-11. Amendment to Millennial Campus Ground Lease – Western Carolina University..... Katherine Lynn

- Situation:** The Board of Trustees of Western Carolina University requests an amendment to the Millennial Campus ground lease for the Endowment Fund to include three additional properties that have received Millennial Campus designation.
- Background:** WCU is requesting an amendment to the ground lease for the Endowment Fund for Western Carolina to include three additional Millennial-designated properties previously approved by the Board of Governors. The three properties include the Cullowhee Mountain site (367.65 acres), the Cullowhee Dam site (6.05 acres), and the Parking Lot 73 site (1.36 acres). The amendment to the ground lease will add approximately 375 acres.
- Assessment:** The amendment to the ground lease is recommended to support future development partnerships.
- Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda.

Amendment to Millennial Campus Ground Lease – Western Carolina University

ISSUE OVERVIEW

The Board of Governors previously approved the Millennial Campus designation at Western Carolina University and has previously approved adding additional properties to the original campus designation. The Western Carolina University Board of Trustees is requesting approval to amend the ground lease with the Endowment Fund of Western Carolina to add three previously Millennial Campus-designated properties.

WCU is requesting an amendment to the ground lease for the Endowment Fund for Western Carolina to include three additional Millennial-designated properties previously approved by the Board. The three properties include the Cullowhee Mountain site, the Old Cullowhee Dam site, and the Parking Lot 73 site. The amendment to the ground lease will add approximately 375 acres to the ground lease. The three additional properties and descriptions of the proposed uses are as follows:

CULLOWHEE MOUNTAIN PROPERTY

This completely undeveloped area atop Cullowhee Mountain will be the site of a communications tower to host the WCU radio station transmission antenna. Partnerships can be entered for space on the tower to offset the cost of the tower and, at the same time, to “light up” an area that is currently unserved by emergency services frequencies, cell phone service, access to high speed internet and access to broadcast TV. The property is approximately 367.65 acres.

OLD CULLOWHEE DAM PROPERTY

Properties owned by WCU in the “Old Cullowhee” area adjacent to the rear entrance to campus offer opportunities for Public-Private Partnership (P3) development of mixed-use (housing and retail) projects that would help revitalize this doorway to campus and provide badly needed services and housing. This is also the area where WCU’s dam is located. Partnerships to improve or remove the dam to allow county/private development of a Riverpark downstream are in progress. The site is approximately 6.05 acres.

PARKING LOT 73 PROPERTY

The site is located south of Parking Lot 73 and has been identified as the location for a new communications tower. WCU has been working with a communications provider and has verified that the location will improve communication signal strength for the university and surrounding area. The property is approximately 1.36 acres.

RECOMMENDATION

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



WCU Millennial Campus Ground Lease Request



Overview of Request



BACKGROUND INFORMATION:

North Carolina statute permits the Board of Governors of the University of North Carolina to designate real property and facilities as a Millennial Campus at constituent institutions, to enhance the institution's research, teaching, and service missions as well as enhance the economic development of the Western North Carolina Region.

In 2006, the UNC Board of Governors authorized Millennial Designation and created a Millennial Campus at WCU.

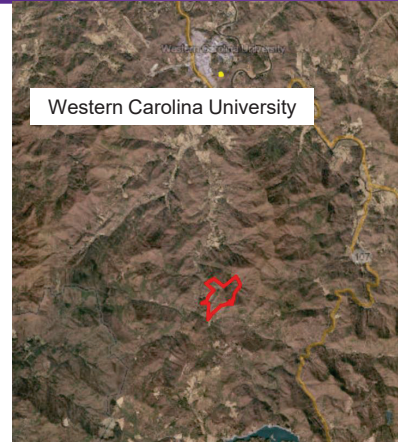
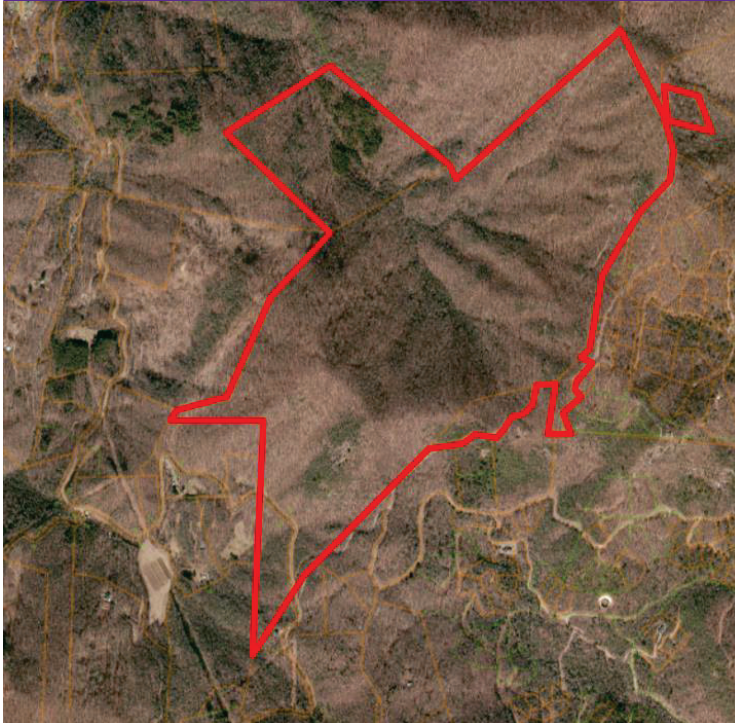
REQUEST:

Add these 3 Millennial-designated properties (May 2018) to the existing Ground Lease to Board of Trustees for the Endowment Fund for Western Carolina University, for the purpose of facilitating development partnerships.

Visual of Request (Less Cullowhee Mountain Site)



Proposed Millennial Property (Cullowhee Mountain)



Site Key

Millennial Initiative:
Communications Tower

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



Millennial Initiative:
Communications Tower

Proposed Millennial Property (Old Cullowhee)



Potential Millennial Initiative:

- **Dam Removal / Riverpark development**
- **Mixed Use Housing P3 Development**



AGENDA ITEM

A-12. Amendment to Use Agreement – The University of North Carolina at Pembroke Clinton Carter

Situation: The University of North Carolina at Pembroke requests that the Board of Governors authorize amendments to one or more previously approved use agreements related to the financing of student housing facilities on the campus of UNC Pembroke that were constructed through The UNC Pembroke Student Housing Foundation, LLC (the “Foundation”), a university-created nonprofit entity.

Background: To finance and refinance the student housing facilities, the Foundation executed and delivered (1) Taxable Limited Obligation Bonds, Series 2010B (Build America Bonds) (the “2010 BABs”) and (2) a Limited Obligation Bond, Series 2017 (the “2017 Bond”). UNC Pembroke currently operates the student housing facilities as university housing under the terms of separate leases between the State and the Foundation and separate use agreements among the Board, UNC Pembroke and the Foundation. UNC Pembroke has requested the approval of an amendment to each use agreement to memorialize the terms of the refinancing.

Assessment: Due to the favorable interest rate environment, the Foundation may refinance the 2010 BABs for debt service savings. UNC Pembroke estimates that the refinancing will reduce its payment obligations under the related lease and use agreement by approximately \$1.2 million on a net present value basis, representing roughly 7.5% of the par amount refunded. In addition, UNC Pembroke may have the opportunity to refinance, as part of the same transaction, the 2017 Bond, which it will pursue only if the transaction produces incremental savings for UNC Pembroke.

Refinancing the 2010 BABs and, if applicable, the 2017 Bond, will require an amendment to the corresponding use agreement to reflect UNC Pembroke’s lower payment obligations with respect to each obligation.

UNC Pembroke currently has an issuer credit rating of “A-” with a stable outlook by Standard and Poor’s. Standard and Poor’s has assigned a rating of “BBB-” with a stable outlook to the 2010 BABs. This transaction is expected to have no impact on the credit rating for UNC Pembroke or the Foundation’s housing bonds.

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

Amendment to Use Agreement – The University of North Carolina at Pembroke

ISSUE OVERVIEW

The University of North Carolina at Pembroke requests that the Board of Governors authorize an amendment to one or more previously approved use agreements related to the financing of certain student housing facilities on the campus of UNC Pembroke that were constructed through a university-related nonprofit entity, The UNC Pembroke Student Housing Foundation, LLC (the “Foundation”).

The Foundation was created for the purpose of constructing student housing on the campus of UNC Pembroke. To finance and refinance the student housing facilities, the Foundation executed and delivered (1) Taxable Limited Obligation Bonds, Series 2010B (Build America Bonds) (the “2010 BABs”) and (2) a Limited Obligation Bond, Series 2017 (the “2017 Bond”). For each series of bonds, UNC Pembroke entered into a separate use agreement and lease agreement, which were previously approved by the Board and the Council of State. Each use agreement established UNC Pembroke’s payment obligations under the corresponding lease in an amount equal to the debt service on the corresponding series of bonds.

Due to the current favorable interest rate environment, the Foundation has the opportunity to refinance the 2010 BABs and pass on the savings to UNC Pembroke, which UNC Pembroke anticipates will reduce its payment obligations under the corresponding lease and use agreement by approximately \$1.2 million on a net present value basis, representing roughly 7.5% of the par amount refunded. In addition, UNC Pembroke may have the opportunity to refinance, as part of the same transaction, the 2017 Bond, which it will pursue only if the transaction produces incremental savings for UNC Pembroke.

Refinancing the 2010 BABs and, if applicable, the 2017 Bond, will require an amendment to the corresponding use agreement to reflect UNC Pembroke’s lower payment obligations with respect to each series of bonds, as well as to make certain conforming changes to reflect other terms of the transaction.

Because the 2010 BABs were executed and delivered as taxable “Build America Bonds” under the American Recovery and Reinvestment Act of 2009, UNC Pembroke’s payments with respect to the 2010 BABs are reduced by a subsidy payment from the federal government equal to a percentage of each interest payment. The subsidy, which was originally set at 35% of each interest payment, has been reduced in recent years due to federal budget sequestration. In addition to the anticipated savings described above, refinancing the 2010 BABs with traditional, tax-exempt bonds will eliminate the risk associated with any further reduction or elimination of the federal subsidy payments.

UNC Pembroke anticipates that the Foundation’s refunding bonds will be sold in the public market on a negotiated basis by an underwriter to be determined.

The University of North Carolina at Pembroke currently has an issuer credit rating of “A-” by Standard & Poor’s with a stable outlook. Standard and Poor’s has assigned a rating to the 2010 BABs and the Foundation’s other parity debt of “BBB-”, with a stable outlook. This transaction is expected to have no impact on the credit rating for UNC Pembroke or the Foundation’s housing bonds.

Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon is the financial advisor to UNC Pembroke.

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

**A RESOLUTION AUTHORIZING AGREEMENTS RELATED TO THE REFINANCING OF RENTALS
RELATED TO THE PRIVATE HOUSING FACILITIES ON THE CAMPUS OF THE UNIVERSITY OF
NORTH CAROLINA AT PEMBROKE**

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 UNCP Student Housing Foundation, LLC (the “Company”) executed and delivered its Certificates of Participation (The University of North Carolina at Pembroke Student Housing Project), Series 2004 (the “2004 Certificates”), the proceeds of which were used to acquire, construct and equip the student housing facilities known as “Village Apartments” comprising approximately 360 beds (the “2004 Project”); and

WHEREAS, the Company executed and delivered its Certificates of Participation (The University of North Carolina at Pembroke Student Housing Project), Series 2006 (the “2006 Certificates”), the proceeds of which were used to construct, acquire and equip student housing facilities known as “Oak Hall” containing approximately 360 beds (the “2006 Project”); and

WHEREAS, the Company executed and delivered its Limited Obligation Bonds (The University of North Carolina at Pembroke Student Housing Project), Series 2010A (the “2010A Bonds”) and Taxable Limited Obligation Bonds (The University of North Carolina at Pembroke Student Housing Project), Series 2010B (the “2010B Bonds”), the proceeds of which were used to construct, acquire and equip student housing facilities comprising approximately 476 beds (the “2010 Project” and together with the 2004 Project and the 2006 Project, the “Project”); and

WHEREAS, the Company executed and delivered its Refunding Limited Obligation Bond (The University of North Carolina at Pembroke Student Housing Project), Series 2017 (the “2017 Bond”), the proceeds of which were used to refund the 2004 Certificates and the 2006 Certificates; and

WHEREAS, The University of North Carolina at Pembroke (“UNC Pembroke”) and the Company and UNC Pembroke entered into a Second Amended and Restated Use Agreement dated as of September 1, 2010, as amended by the First Amendment to the 2010 Use Agreement dated as of March 31, 2017 (the “2010 Use Agreement”), whereby UNC Pembroke assumed the obligations of the State under the Lease (as defined therein) and is obligated to pay Base Rentals and Additional Rentals to the Company related to the use of the Project; and

WHEREAS, UNC Pembroke and the Company and its financial advisor have advised the Board that it may be able to achieve debt service savings and reduce the risk of further cuts in federal subsidy payments related to the 2010B Bonds and may be able to achieve debt service savings related to the 2017 Bond; and

WHEREAS, pursuant to Supplemental Indenture, Number 4 (the “Fourth Supplement” and, together with the Indenture of Trust dated as of January 1, 2004 as previously supplemented, the “Indenture”) between the Company and U.S. Bank National Association (as successor to First Citizens Bank & Trust Company, the “Trustee”), the Company will execute and deliver Refunding Limited Obligation Bonds (The University of North Carolina at Pembroke Student Housing Project) (with appropriate series designations) (the “2019 Bonds”) (1) in an aggregate principal amount not to exceed \$19,000,000 (the “2019 Bonds”), to provide the funds required to prepay all or a portion of the 2010B Bonds in advance of their maturities, to fund a debt service reserve fund, if necessary, and to pay the costs of issuing the 2019 Bonds and (2)) if incremental savings can be achieved for

UNC Pembroke, in an aggregate principal amount not to exceed \$16,500,000, to provide the funds required to prepay the 2017 Bond in advance of its maturity, to fund a debt service reserve fund, if necessary, and to pay the costs of issuing the 2019 Bonds; and

WHEREAS, the Company will execute and deliver the 2019 Bonds evidencing proportionate undivided interests in the Base Rentals with respect to the Project paid by UNC Pembroke under the Lease in order to provide the funds required to prepay the 2010B Bonds and, if feasible, the 2017 Bond, and the Base Rentals are required to be in an amount not less than the payments on the 2019 Bonds, and any remaining outstanding 2010B Bonds and 2017 Bond, and the Company has assigned its rights to receive such Base Rentals under the Lease to the Trustee for the benefit of the holders of the Certificates Outstanding under the Indenture; and

WHEREAS, in connection with execution and delivery of the 2019 Bonds, the Company and UNC Pembroke will execute and deliver the Second Amendment to the 2010 Use Agreement (the "*Second Amendment*") and collectively with the 2010 Use Agreement, the "*Use Agreement*") to reduce the Base Rentals under the 2010 Use Agreement and to make other necessary changes; and

WHEREAS, the 2019 Bonds are not and will not be an obligation of the Board or UNC Pembroke, but will be secured solely from the Base Rentals paid by UNC Pembroke under the Lease; Base Rentals are to be paid from (1) net revenues of the Project and (2) to the extent such revenues are insufficient therefor, Dormitory System Net Revenues after payment of UNC Pembroke's Dormitory System Debt and General Revenue Debt (all as defined in the Use Agreement); and

WHEREAS, there has been presented to the Board forms of the Second Amendment and the Fourth Supplement which the Board proposes to approve and authorize UNC Pembroke to execute and deliver;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Second Amendment and Fourth Supplement.** That the form and content of the Second Amendment and the Fourth Supplement be and the same hereby are in all respects authorized, approved and confirmed, and the Chancellor and Vice Chancellor for Finance and Administration of UNC Pembroke 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 Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (collectively, the "*Authorized Officers*"), be and they hereby are authorized, empowered and directed to execute, approve and deliver the Second Amendment and the Fourth Supplement, as applicable, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their 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 Second Amendment and the Fourth Supplement, 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 Second Amendment and the Fourth Supplement as executed.

Section 2. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each 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 said 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 to the issuance and on-going

administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively.

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

Section 4. *Effective Date.* This Resolution is effective on its adoption.

PASSED, ADOPTED, AND APPROVED this 20th day of September, 2019.

STATE OF NORTH CAROLINA

)

SECRETARY'S CERTIFICATE

)

SS:

OF AUTHENTICATION

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 regular meeting on September 20, 2019, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on September 20, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 20, 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

AGENDA ITEM

A-13. Sale of Revenue Bonds – UNC Hospitals Clinton Carter

Situation: UNC Hospitals at Chapel Hill requests that the Board of Governors issue revenue bonds in a principal amount not to exceed \$150,000,000 for the purpose of completing construction of the new UNC Hospitals Surgical Pavilion and related infrastructure at its main campus.

Background: The Board of Governors is authorized to issue revenue bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. The UNC Hospitals Surgical Pavilion and Renovations projects were previously approved by the General Assembly as a part of Session Law 2016-97 and Senate Bill 872 for \$250,000,000. The Board of Governors previously issued Series 2016 Revenue Bonds in the amount of \$99,945,000 to fund the initial phase of construction. At this time, UNC Hospitals is requesting the remaining \$150,000,000 to complete the project.

Assessment: UNC Hospitals currently has issuer credit ratings of AA, stable outlook from Standard & Poor's Global Ratings and Aa3, stable from Moody's Investor Service. This bond issue is not expected to have an impact on UNC Hospitals' credit rating.

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

Sale of Special Obligation Bonds – University of North Carolina Hospitals

ISSUE OVERVIEW

The Board of Governors is authorized to issue revenue bonds and bond anticipation notes for capital improvements projects that have been approved by the General Assembly. These revenue bonds are payable solely from the revenues generated by the operations of UNC Hospitals at Chapel Hill (UNC Hospitals).

UNC Hospitals requests that the Board issue revenue bonds in an amount not to exceed \$150,000,000 as the second tranche of funding for the purpose of constructing a new surgical pavilion to replace 19 operating rooms that were originally opened in September 1952. Given the date of their design and the significant changes in technologies during the past 65 years, the current operating rooms are inadequate to accommodate some of today's equipment and the number of health care personnel required to assist in various types of complex surgical procedures. In addition to the need to replace these operating rooms, support spaces need to be enhanced and enlarged as well. Family waiting spaces work best when they are adequate in size, proximate to the operating rooms, and offer amenities to keep families comfortable while enduring the stresses of having a loved one undergo surgery.

This new facility will feature seven levels and connect to the existing North Carolina Memorial Hospital at three levels. The building will be approximately 335,000 sq. ft. in size and have a separate entrance to facilitate more efficient and easier way finding. The current project schedule anticipates that construction will be completed in calendar year 2022.

UNC Hospitals currently has issuer credit ratings of AA, stable outlook from Standard & Poor's Global Ratings and Aa3 from Moody's Investor Service. Womble Bond Dickinson (US) LLP is bond counsel; Bank of America Merrill Lynch is senior managing underwriter, with Morgan Stanley and Wells Fargo Securities as co-managing underwriters. Ponder & Co. is the financial advisor. The UNC Health Care System Board will approve this transaction at its September 16, 2019 meeting.

RECOMMENDATION

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

RESOLUTION OF THE BOARD OF GOVERNORS

RESOLUTION AUTHORIZING THE SALE AND ISSUANCE BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA OF NOT TO EXCEED \$150,000,000 AGGREGATE PRINCIPAL AMOUNT OF UNIVERSITY OF NORTH CAROLINA HOSPITALS AT CHAPEL HILL REVENUE BONDS AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN OTHER DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, pursuant to Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of The University of North Carolina (the “University”) is vested with general control and supervision of the University of North Carolina Hospitals at Chapel Hill (“UNC Hospitals”) and other institutions;

WHEREAS, pursuant to Section 116-37, as amended, of the General Statutes of North Carolina, there has been created as an affiliated enterprise of the University, the University of North Carolina Health Care System (the “UNC Health Care System”), and a board of directors of the UNC Health Care System, as a successor board to the board of directors of UNC Hospitals, which is charged with the responsibility for making rules, regulations and policies governing the management and operation of the UNC Health Care System, including UNC Hospitals;

WHEREAS, the Board is authorized by Sections 116-187 to 116-198, inclusive, of the General Statutes of North Carolina, as amended (the “Act”), to issue, subject to the approval of the Director of the Budget of the State of North Carolina, at one time or from time to time revenue bonds of the Board for the purpose of financing the cost of facilities and programs for the UNC Health Care System and UNC Hospitals;

WHEREAS, the Board is authorized by the Act to enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Act;

WHEREAS, the Board has determined that a need exists to finance the acquisition, construction, installation and equipping of certain capital improvements for UNC Hospitals, including, but not limited to, (a) the construction and equipping of a new surgical pavilion building to replace operating suites and associated support facilities, (b) the renovation and equipping of vacated space when the existing operating suites are relocated to the new surgical pavilion building and (c) the relocation and construction of improvements to the emergency power supply system and chilled water system (collectively, the “Project”), and pursuant to Chapter 97 of the 2016 Sessions Laws (effective July 18, 2016), the General Assembly has authorized and approved the financing of the cost of planning, designing, acquiring, constructing, renovating, equipping, and furnishing the Project;

WHEREAS, pursuant to a General Trust Indenture, dated as of January 1, 1992 (as supplemented and amended, the “General Indenture”), between the Board and First Union National Bank of North Carolina (succeeded by U.S. Bank National Association), as trustee (the “Trustee”), and as accepted and agreed to by UNC Hospitals, and a Series Indenture Number 9, dated as of December 1, 2016, between the Board and the Trustee, and as accepted and agreed to by UNC Hospitals the Board has heretofore issued its revenue bonds designated “University of North Carolina Hospitals at Chapel Hill Revenue Bonds, Series 2016” (the “Series 2016 Bonds”) in the aggregate principal amount of \$99,945,000 for the

purpose of providing funds, together with any other available funds, to (a) pay certain initial costs of the Project and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2016 Bonds;

WHEREAS, in order to provide funds, together with any other available funds, to (a) pay the remaining costs of the Project and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2019 Bonds (hereinafter defined), the Board desires to issue its revenue bonds in an aggregate principal amount not to exceed \$150,000,000 to be designated "University of North Carolina Hospitals at Chapel Hill Revenue Bonds, Series 2019" (the "Series 2019 Bonds"), pursuant to the terms of the "General Indenture and a Series Indenture Number 10, to be dated as of December 1, 2019 (the "Series Indenture"), between the Board and the Trustee, and as accepted and agreed to by UNC Hospitals;

WHEREAS, arrangements have been made for the sale of the Series 2019 Bonds to BofA Securities, Inc., Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (the "Underwriters") pursuant to a Bond Purchase Agreement, to be dated as of the date of delivery thereof (the "Bond Purchase Agreement"), among the Board, UNC Hospitals and the Underwriters; and

WHEREAS, there have been presented to the Board forms of the following documents relating to the transactions described above, which forms the Board proposes to authorize and approve, and to execute and deliver, as applicable, to effectuate the financing as described above:

(a) the Series Indenture;

(b) the Bond Purchase Agreement; and

(c) the Preliminary Official Statement, to be dated as of the date of delivery thereof (the "Preliminary Official Statement"), relating to the offering and sale of the Series 2019 Bonds;

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

Section 1. Pursuant to the provisions of the Act, the Board hereby authorizes the execution, issuance and delivery of the Series 2019 Bonds in an aggregate principal amount not to exceed \$150,000,000. The Series 2019 Bonds shall be in substantially the form set forth in the Series Indenture presented to the Board at this meeting, subject to such modifications as the Chair, the Vice Chair or the Secretary of the Board, with the advice of counsel, may deem necessary and appropriate in order to comply with the provisions of the General Indenture and the Series Indenture. The Series 2019 Bonds shall mature at such times and in such amounts and shall contain such other terms as shall be set forth in the Series Indenture, subject to the provisions of this Resolution.

Section 2. The Series 2019 Bonds shall be dated as of the date of delivery thereof, shall be initially issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and shall be issued pursuant to a book-entry system, all as provided in the Series Indenture. Interest on the Series 2019 Bonds shall be payable on February 1 and August 1 of each year, beginning August 1, 2020, until the payment in full of the principal thereof. The final maturity of the Series 2019 Bonds shall not exceed February 1, 2049. The Series 2019 Bonds shall be subject to redemption at the times, upon the terms and conditions and at the prices as shall be set forth in the Series Indenture. The proceeds of the

Series 2019 Bonds shall be applied as provided in the Series Indenture. The Series 2019 Bonds, together with any Bonds heretofore or hereafter issued and remaining Outstanding (as defined in the General Indenture) under the provisions of the General Indenture, shall be secured on a parity basis by a pledge and lien upon the Revenues (as defined in the General Indenture) and certain other moneys made available therefor under the General Indenture, in the manner and to the extent provided in the General Indenture.

Section 3. The proposal set forth in the Bond Purchase Agreement submitted by the Underwriters offering to purchase the Series 2019 Bonds at the aggregate purchase price and bearing interest at the rates to be set forth therein is hereby approved, provided that the purchase price for the Series 2019 Bonds shall not be less than 99% of the aggregate principal amount of the Series 2019 Bonds (not taking into account any original issue discount or premium), plus accrued interest, if any, from the date of the Series 2019 Bonds to the date of delivery of the Series 2019 Bonds, and such interest rates shall not result in a true interest cost in excess of 5.00%. The Series 2019 Bonds may be sold and awarded to the Underwriters, subject to the approval of UNC Hospitals, in accordance with the terms and provisions set forth in the Bond Purchase Agreement. The Chair and Vice Chair of the Board and the Senior Vice President for Finance and Administration of the University are each hereby individually designated to approve, on behalf of the Board, the sale of the Series 2019 Bonds to the Underwriters at such interest rates, for such purchase price and upon such terms and conditions as such person, with the advice of counsel, shall determine as set forth in the Bond Purchase Agreement, subject to the provisions of this Resolution. The Chair and Vice Chair of the Board and the Senior Vice President for Finance and Administration of the University are each hereby individually authorized and directed to execute and deliver the Bond Purchase Agreement, in the name of and on behalf of the Board, in substantially the form presented to the Board at this meeting, together with such modifications as the person executing the Bond Purchase Agreement shall, with the advice of counsel, deem necessary or appropriate, such execution and delivery thereof to be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 4. The form, terms and content of the Series Indenture are in all respects authorized and approved, and the Chair and Vice Chair of the Board and the Senior Vice President for Finance and Administration of the University are each hereby individually authorized and directed to execute and deliver the Series Indenture, in the name of and on behalf of the Board, in substantially the form presented to the Board at this meeting with such modifications as the person executing the Series Indenture shall, with the advice of counsel, deem necessary or appropriate, such execution and delivery thereof to be conclusive evidence of the approval and authorization in all respects of the form and content thereof. The Secretary or any Assistant Secretary of the University shall be authorized to affix the official seal of the Board to the Series Indenture and to attest the same as may be required.

Section 5. The Preliminary Official Statement relating to the offering for sale of the Series 2019 Bonds is hereby authorized and approved. The Board hereby authorizes the use and distribution of the Preliminary Official Statement by the Underwriters in substantially the form presented to the Board at this meeting, together with such modifications as the Chair or Vice Chair of the Board or the Senior Vice President for Finance and Administration of the University shall, with advice of counsel, deem necessary or appropriate. The Board hereby authorizes and consents to the preparation and distribution by the Underwriters of a final Official Statement, in substantially the form of the Preliminary Official Statement, together with such changes as are necessary to reflect the final terms of the Series 2019 Bonds. The Chair and Vice Chair of the Board and the Senior Vice President for Finance and Administration of

the University are each hereby individually authorized and directed to execute and deliver the final Official Statement, in the name of and on behalf of the Board, in substantially the form of the Preliminary Official Statement, together with such modifications as the person executing the final Official Statement shall, with the advice of counsel, deem necessary or appropriate, such execution and delivery to be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 6. The officers of the Board and the University are hereby authorized to execute and deliver for and on behalf of the Board any and all additional certificates, documents, opinions or other papers, and to perform all other acts as may be required by the documents contemplated above or as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 7. The officers, agents and employees of the Board and the University are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution, the Series 2019 Bonds, the General Indenture, the Series Indenture or the Bond Purchase Agreement for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same.

Section 8. This Resolution shall become effective on the date of its adoption.

ADOPTED this 20th day of September, 2019.

Pearl Burris-Floyd
Secretary
The University of North Carolina

AGENDA ITEM

A-14. Sale of Special Obligation Bonds – UNC Asheville Clinton Carter

Situation: The University of North Carolina at Asheville requests that the Board of Governors issue special obligation bonds in an aggregate principal amount not to exceed \$25,500,000 (the “2019 Bonds”) for the purpose of (1) advance refunding the callable maturities of the Board’s Taxable General Revenue Bonds (Build America Bonds), Series 2010 (the “2010 Bonds”) issued on UNC Asheville’s behalf and (2) paying costs of issuance related to the 2019 Bonds.

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board and the General Assembly and have been approved for financing. This request is to refinance those previously issued bonds for savings.

Assessment: Due to the favorable interest rate environment, \$23,415,000 of the 2010 Bonds may be refinanced for debt service savings. UNC Asheville estimates that it can achieve approximately \$3.2 million in net present value savings by refunding the 2010 Bonds, representing 13.6% of the par amount refunded.

UNC Asheville currently has an issuer credit rating of “A1” with a negative outlook by Moody’s Investor Service. This transaction is expected to have no impact on UNC Asheville’s credit rating.

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

Sale of Special Obligation Bonds – University of North Carolina at Asheville

ISSUE OVERVIEW

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

The University of North Carolina at Asheville (“UNC Asheville”) requests that the Board issue special obligation bonds in an aggregate principal amount not to exceed \$25,500,000 for the purpose of refinancing up to \$23,415,000 of outstanding special obligation bonds issued on UNC Asheville’s behalf in 2010 (the “2010 Bonds”). UNC Asheville estimates that it can achieve approximately \$3.2 million in net present value savings by refunding the 2010 Bonds, representing 13.6% of the par amount refunded.

Since the 2010 Bonds were issued as taxable “Build America Bonds” under the American Recovery and Reinvestment Act of 2009, UNC Asheville pays a taxable rate of interest on the 2010 Bonds but receives a subsidy payment from the federal government equal to a percentage of each interest payment. The subsidy, which was originally set at 35% of each interest payment, has been reduced in recent years due to federal budget sequestration. In addition to the anticipated savings described above, refinancing the 2010 Bonds with traditional tax-exempt bonds will eliminate the risk associated with any further reduction or elimination of the federal subsidy payments.

The 2019 Bonds will be sold in the public market on a negotiated basis by an underwriter selected through a competitive RFP process. UNC Asheville currently has an issuer credit rating of “A1” with a negative outlook by Moody’s Investor Service. This transaction is expected to have no impact on UNC Asheville’s credit rating. Parker Poe Adams & Bernstein LLP is bond counsel and First Tryon is the financial advisor to UNC Asheville.

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 REFUND A
SPECIAL OBLIGATION BOND PROJECT FOR
UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE**

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 Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the University of North Carolina at Asheville (“UNC Asheville”) and its financial advisor have advised the Board that it may be able to achieve debt service savings and reduce the risk of further cuts in federal subsidy payments related to The University of North Carolina at Asheville Taxable General Revenue Bonds (Build America Bonds), Series 2010 (the “2010 Bonds”) previously issued by the Board on behalf of UNC Asheville to finance the costs of renovating and expanding Governor’s Village and the construction, equipping and financing of a new residence hall on the campus of UNC Asheville;

WHEREAS; the Board has determined to issue University of North Carolina at Asheville General Revenue Bonds (with appropriate descriptions and series designations) in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$25,500,000 to refund the 2010 Bonds and to pay the costs of issuing the Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of September 1, 2002 (the “General Indenture”) between the Board and U.S. Bank National Association (as successor to Wachovia Bank, National Association, the “Trustee”), and a series indenture (the “Series Indenture”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any funds of UNC Asheville or the Board in each Fiscal Year remaining after satisfying obligations of UNC Asheville or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt as of the date of the General Indenture of the Board with respect to UNC Asheville, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Asheville students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);

WHEREAS, Citigroup Global Markets Inc. (the “Underwriter”) will agree to purchase all of the Bonds pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Underwriters; and

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

1. the General Indenture;
2. the Series Indenture;
3. the Purchase Agreement;
4. an Escrow Agreement between the Board and U.S. Bank National Association, as escrow agent, related to the refunding of the 2010 Bonds;
5. the Preliminary Official Statement (the “*Preliminary Official Statement*”) relating to the Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the Bonds; and
6. the Bonds in the form set forth in the Series Indenture; and

WHEREAS, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$25,500,000 under the General Indenture and the Series Indenture to pay the costs of refunding the 2010 Bonds and costs incurred in connection with the issuance of the Bonds. The 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 (the “SVP-Finance”), or his designee, in consultation with the appropriate officers at UNC Asheville, determine to be in the best interest of UNC Asheville to achieve debt service savings and reduce the risk of further cuts in federal subsidy payments related to the 2010 Bonds.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds.

Section 3. **Selection of Underwriters and other Financing Team Members.** That the Board authorizes the SVP-Finance and the Vice Chancellor for Administration and Finance of UNC Asheville to select co-managing underwriters for the Bonds, if necessary or desirable, and any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents 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, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the “Authorized Officers”), be and they hereby are each authorized, empowered and directed 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 to them seem necessary, desirable or appropriate, their 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 Board Documents the Authorized Officers are each 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 Board Documents as executed.

Section 5. **Authorization of Purchase Agreement.** That the Chairman of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreement the Authorized Officers are each 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 Purchase Agreement as executed.

Section 6. **Authorization of Preliminary Official Statement and Official Statement.** That 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 by the Underwriters in connection with the sale of the Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the Official Statement for and on behalf of the Board 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 to them seem necessary, desirable or appropriate, their execution of the Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein, and the use of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the sale of the Bonds with investors is hereby authorized, approved and confirmed.

Section 7. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each 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 said 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 to the issuance and on-going administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Administration and Finance at UNC Asheville, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of UNC Asheville.

Section 8. **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 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 20th day of September, 2019.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

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 regular meeting on September 20, 2019, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on September 20, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 20, 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

AGENDA ITEM

A-15. Sale of Special Obligation Bonds – The University of North Carolina at Greensboro..... Clinton Carter

Situation: The University of North Carolina at Greensboro requests that the Board of Governors issue a special obligation bond in a principal amount not to exceed \$9,600,000 (the “Bond”) for the purpose of (1) refunding up to \$9,475,000 of outstanding special obligation bonds issued on UNC Greensboro’s behalf in 2010 (the “2010B Bonds”) and (2) paying costs of issuance with respect to the Bond.

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. These projects have been previously approved by the Board and the General Assembly and have been approved for financing. This request is to refinance on those previously issued bonds for savings.

Assessment: Due to the favorable interest rate environment, UNC Greensboro has the opportunity to refinance the 2010B Bonds for debt service savings. UNC Greensboro estimates that it can achieve approximately \$965,000 in net present value savings by refunding the 2010B Bonds, representing roughly 10.1% of the par amount refunded.

UNC Greensboro currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investor Service and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. This transaction is expected to have no impact on UNC Greensboro’s credit rating.

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

Sale of Special Obligation Bonds – The University of North Carolina at Greensboro

ISSUE OVERVIEW

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

The University of North Carolina at Greensboro requests that the Board issue a special obligation bond in a principal amount not to exceed \$9,600,000 (the “Bond”) for the purpose of refinancing up to \$9,475,000 of outstanding special obligation bonds issued on behalf of UNC Greensboro in 2010 (the “2010B Bonds”). UNCG estimates that it can achieve approximately \$965,000 in net present value savings by refunding the 2010B Bonds, representing roughly 10.1% of the par amount refunded.

The Bond will be privately placed with PNC Bank, N.A., which was selected through a competitive RFP process. The Bond will be delivered for settlement on April 1, 2020, the call date for the 2010B Bonds, under the terms of a forward delivery bond purchase agreement, which will eliminate interest rate risk between now and the call date.

UNC Greensboro currently has an issuer credit rating of “Aa3” with a stable outlook by Moody’s Investor Service and an issuer credit rating of “A+” with a stable outlook by Standard & Poor’s. This transaction is expected to have no impact on UNC Greensboro’s credit ratings. Parker Poe Adams & Bernstein LLP is bond counsel and First Tryon is the financial advisor to UNC Greensboro.

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bond 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 REFUND A
SPECIAL OBLIGATION BOND PROJECT FOR
THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**

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 Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, The University of North Carolina at Greensboro (“UNC Greensboro”) and its financial advisor have advised the Board that it may be able to achieve debt service savings related to The University of North Carolina System Pool Revenue Bonds (UNC Greensboro), Series 2010B-2 (the “2010B-2 Pool Bonds”) previously issued by the Board on behalf of UNC Greensboro to refinance prior bonds issued on behalf of UNC Greensboro;

WHEREAS; the Board has determined to issue The University of North Carolina at Greensboro General Revenue Bond (the “Bond”) in an aggregate principal amount not to exceed \$9,600,000 to refund the 2010B-2 Pool Bonds and to pay the costs of issuing the Bond; and

WHEREAS, the Board has determined to issue the Bond under the General Trust Indenture dated as of June 1, 2001 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and a series indenture (the “Series Indenture”) between the Board and the Trustee; and

WHEREAS, the Bond and other obligations issued under the General Indenture are payable solely from any legally available funds of UNC Greensboro, or of the Board held for UNC Greensboro, in each Fiscal Year, including Unrestricted Fund Balances shown as such on the UNC Greensboro financial statements, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Greensboro students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof and (4) revenues generated by Special Facilities (the “Available Funds”);

WHEREAS, the Bond will be purchased by PNC Bank, National Association (the “Purchaser”) on a forward-delivery basis pursuant to a forward delivery bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser;

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

1. the General Indenture;

2. the Series Indenture;
3. the Purchase Agreement; and
4. the Bond in the form set forth in the Series Indenture; and

WHEREAS, the issuance of the Bond does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bond in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Bond.** That the Board hereby authorizes the issuance of the Bond in an aggregate principal amount not to exceed \$9,600,000 under the General Indenture and the Series Indenture to pay the costs of refunding the 2010B-2 Pool Bonds and costs incurred in connection with the issuance of the Bond. The Bond 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 (the “SVP-Finance”), or his designee, in consultation with the appropriate officers at UNC Greensboro, determine to be in the best interest of UNC Greensboro to achieve debt service savings.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bond.

Section 3. **Selection of Purchaser and other Financing Team Members.** That the Board ratifies the selection of the Purchaser for the Bond and authorizes the SVP-Finance and the Vice Chancellor for Business Affairs of UNC Greensboro to select any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents 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, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the “Authorized Officers”), be and they hereby are each authorized, empowered and directed 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 to them seem necessary, desirable or appropriate, their 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 Board Documents the Authorized Officers are each 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 Board Documents as executed.

Section 5. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each 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 said 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 to the issuance and on-going administration of the Bond. Any provision in this Resolution that authorizes more than one Authorized Officer

to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor for Business Affairs at UNC Greensboro, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bond on behalf of UNC Greensboro.

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.

PASSED, ADOPTED, AND APPROVED this 20th day of September, 2019.

STATE OF NORTH CAROLINA

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SECRETARY'S CERTIFICATE

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SS:

OF AUTHENTICATION

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 regular meeting on September 20, 2019, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on September 20, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 20, 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

AGENDA ITEM

A-16. Sale of Special Obligation Bonds – University of North Carolina Wilmington Clinton Carter

Situation: The University of North Carolina Wilmington requests that the Board of Governors issue (1) special obligation bonds in an aggregate principal amount not to exceed \$14,000,000 to finance a portion of the costs of the Southeast Dining Facility, (2) special obligation bonds in an aggregate principal amount not to exceed \$36,000,000 to refinance two series of taxable special obligation bonds issued on UNCW's behalf in 2010 (the "2010 BABs"), and (3) special obligation bonds in an aggregate principal amount not to exceed \$13,000,000 to refinance special obligation bonds issued on UNCW's behalf in 2010 (the "2010C Bonds").

Background: The Board is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. The General Assembly authorized the Southeast Dining Facility Project under S.L. 2019-124, (H.B. 402). The remaining projects have been previously approved by the Board and the General Assembly and have been approved for financing. With respect to those projects, this request is to refinance for savings those previously issued bonds.

Assessment: Due to the favorable interest rate environment, up to \$44,955,000 of outstanding special obligation bonds issued on behalf of UNC Wilmington in 2010 may be refinanced for debt service savings. UNCW conservatively estimates that it can achieve approximately (1) \$5.2 million in net present value savings by refunding the 2010 BABs, representing approximately 15.8% of the aggregate par amount refunded, and (2) \$826,000 in net present value savings by refunding the 2010C Bonds, representing approximately 6.8% of the par amount refunded. The university is seeking authority to refund the 2010 BABs and the 2010C Bonds and to finance the Southeast Dining Facility to streamline costs of issuance and provide UNCW with maximum flexibility to take advantage of prevailing market conditions.

UNC Wilmington currently has an issuer credit rating of "Aa3" with a stable outlook by Moody's Investor Service. This transaction is expected to have no impact on the UNCW's credit rating.

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

Sale of Special Obligation Bonds – University of North Carolina Wilmington

ISSUE OVERVIEW

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

The University of North Carolina Wilmington requests that the Board issue (1) special obligation bonds in an aggregate principal amount not to exceed \$14,000,000 (plus up to 5% to pay for certain financing costs as permitted by State law) to finance a portion of the costs of the Southeast Dining Facility, (2) special obligation bonds in an aggregate principal amount not to exceed \$36,000,000 to refinance two series of taxable special obligation bonds issued on UNCW's behalf in 2010 (the "2010 BABs"), and (3) special obligation bonds in an aggregate principal amount not to exceed \$13,000,000 to refinance special obligation bonds issued on UNCW's behalf in 2010 (the "2010C Bonds").

UNCW conservatively estimates that it can achieve approximately (1) \$5.2 million in net present value savings by refunding the 2010 BABs, representing approximately 15.8% of the aggregate par amount refunded, and (2) \$826,000 in net present value savings by refunding the 2010C Bonds, representing approximately 6.8% of the par amount refunded. UNCW is seeking authority to refund the 2010 BABs and the 2010C Bonds and to finance the Southeast Dining Facility to streamline costs of issuance and provide UNCW with maximum flexibility to take advantage of prevailing market conditions.

Since the 2010 BABs were issued as taxable "Build America Bonds" under the American Recovery and Reinvestment Act of 2009, UNC Wilmington pays a taxable rate of interest on the Bonds but receives a subsidy payment from the federal government equal to a percentage of each interest payment. The subsidy, which was originally set at 35% of each interest payment, has been reduced in recent years due to federal budget sequestration. In addition to the anticipated savings described above, refinancing the 2010 BABs with traditional tax-exempt bonds will eliminate the risk associated with any further reduction or elimination of the federal subsidy payments.

UNC Wilmington anticipates that the bonds will be sold in the public market on a negotiated basis by an underwriter selected through a competitive RFP process. UNCW anticipates that the bonds issued to refund the 2010C Bonds (the "2010C Refunding Bonds") will be delivered for settlement on April 1, 2020, the call date for the 2010C Bonds, under the terms of a forward delivery bond purchase agreement, which will eliminate interest rate risk between now and the call date. If it is determined to be in the best interest of UNCW, the 2010C Refunding Bonds may be privately placed with a financial institution selected through a competitive RFP process.

UNCW currently has an issuer credit rating of "Aa3" with a stable outlook by Moody's Investor Service. This transaction is expected to have no impact on UNC Wilmington's credit rating. Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon is the financial advisor to UNCW.

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 FOR UNIVERSITY OF
NORTH CAROLINA WILMINGTON**

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 Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue, subject to the approval of the Director of the Budget of the State of North Carolina (the “Director of the Budget”), at one time or from time to time, (1) special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing special obligation projects and (2) refunding bonds for the purpose of refunding any bonds by the Board under the Act or under any Article of Chapter 116 of the General Statutes of North Carolina, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the University of North Carolina Wilmington (“UNC Wilmington”) has requested the Board to issue special obligation bonds in two or more series, the proceeds of which are to be used for the following purposes: (1) finance the construction, equipping and furnishing of a Southeast Dining Facility on UNC Wilmington’s campus as authorized by and in accordance with Chapter 124 of the 2019 Session Laws of the General Assembly of North Carolina (the “Special Obligation Bond Project”), (2) refund The University of North Carolina at Wilmington Taxable General Revenue Bonds (Build America Bonds), Series 2010 maturing on and after January 1, 2021 the “Refunded 2010 UNCW BABs”), (3) refund The University of North Carolina System Taxable Pool Revenue Bonds (UNC Wilmington Build America Bonds), Series 2010D maturing on and after October 1, 2027 (the “Refunded 2010D Pool BABs”) and (4) refund the portion of The University of North Carolina System Pool Revenue Bonds (UNC Asheville/UNC Wilmington), Series 2010C maturing on and after October 1, 2020 and allocable to UNC Wilmington (the “Refunded 2010C Pool Bonds”);

WHEREAS; the Board has determined to issue University of North Carolina Wilmington General Revenue Bonds (with appropriate descriptions and series designations) (the “2019B Bonds”) (1) in an aggregate principal amount not to exceed \$14,000,000 to pay the costs of the Special Obligation Bond Project plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs of the Special Obligation Bond Project, plus any increase in the specific Special Obligation Bond Project costs authorized by the Director of the Budget pursuant to Section 3 of Chapter 124 of the 2019 Session Laws of the General Assembly of North Carolina and (2) in an aggregate principal amount not to exceed \$36,000,000 to (a) refund the Refunded 2010 UNCW BABs, (b) refund the Refunded 2010D Pool BABs and (c) pay issuance expenses of the 2019B Bonds related to the Refunded 2010 UNCW BABs and the Refunded 2010D Pool BABs; and

WHEREAS; the Board has determined to issue University of North Carolina Wilmington General Revenue Bonds (with appropriate descriptions and series designations) (the “2020A Bonds” and collectively with the 2019B Bonds, the “Bonds”) in an aggregate principal amount not to exceed \$13,000,000 to refund the Refunded 2010C Pool Bonds and to pay issuance expenses related to the 2020A Bonds; and

WHEREAS, the Board has determined to issue the Bonds under the General Trust Indenture dated as of May 1, 2002 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), and two or more series indentures (the “Series Indentures”) between the Board and the Trustee; and

WHEREAS, the Bonds and other obligations issued under the General Indenture are payable solely from any funds of UNC Wilmington or the Board in each Fiscal Year remaining after satisfying obligations of UNC Wilmington or the Board under a trust indenture, trust agreement or bond resolution providing for the issuance of debt of the Board with respect to UNC Wilmington as of the date of the General Indenture, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by UNC Wilmington students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities (as defined in the General Indenture) and (5) funds restricted by law (the “Available Funds”);

WHEREAS, Wells Fargo Securities, LLC (the “2019B Underwriters”) will agree to purchase all of the 2019B Bonds pursuant to the terms of a bond purchase agreement (the “2019B Bonds Purchase Agreement”) between the Board and the Underwriters; and

WHEREAS, Wells Fargo Securities, LLC will agree to purchase all of the 2020A Bonds on a forward-delivery basis pursuant to the terms of a forward delivery bond purchase agreement (the “2020A Bonds Purchase Agreement”) between the Board and the Underwriters; and

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

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

1. the General Indenture;
2. the Series Indentures;
3. the 2019B Bonds Purchase Agreement;
4. the 2020A Bonds Purchase Agreement;
5. an Escrow Agreement between the Board and The Bank of New York Mellon Trust Company, N.A, as escrow agent, related to the refunding the Refunded 2010 UNCW BABs and the Refunded 2010D Pool BABs;
6. the Preliminary Official Statement (the “2019B Bonds Preliminary Official Statement”) relating to the 2019B Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “2019B Bonds Official Statement”) relating to the 2019B Bonds;
7. the Preliminary Official Statement (the “2020A Bonds Preliminary Official Statement”) relating to the 2020A Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “2020A Bonds Official Statement”) relating to the 2020A Bonds; and

8. the 2019B Bonds and the 2020A Bonds in the forms set forth in the Series Indentures; and

WHEREAS, the issuance of the Bonds does not directly or indirectly or contingently obligate the State or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of the Bonds in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. **Authorization of Bonds.** That the Board hereby authorizes the issuance of the 2019B Bonds in an aggregate principal amount not to exceed \$14,000,000 under the General Indenture and the Series Indentures to pay the costs of the Special Obligation Bond Project plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs of the Special Obligation Bond Project, plus any increase in the specific Special Obligation Bond Project costs authorized by the Director of the Budget pursuant to Section 3 of Chapter 124 of the 2019 Session Laws of the General Assembly of North Carolina. The Board hereby further authorizes the issuance of the 2019B Bonds in an aggregate principal amount not to exceed \$36,000,000 under the General Indenture and the Series Indentures to (a) refund the Refunded 2010 UNCW BABs, (b) refund the Refunded 2010D Pool BABs and (c) pay issuance expenses of the 2019B Bonds related to the Refunded 2010 UNCW BABs and the Refunded 2010D Pool BABs.

The Board hereby further authorizes the issuance of the 2020A Bonds in an aggregate principal amount not to exceed \$13,000,000 under the General Indenture and the Series Indentures to (a) refund the Refunded 2010C Pool Bonds and (b) pay issuance expenses of the 2020A Bonds.

The Bonds may be issued in two or more series of bonds, including any combination of tax-exempt bonds and taxable bonds as the SVP-Finance, or his designee, in consultation with the appropriate officers at UNC Wilmington, determine to be in the best interest of UNC Wilmington to finance the Special Obligation Bond Project and to achieve debt service savings and reduce the risk of further cuts in federal subsidy payments related to the Refunded 2010 UNCW BABs, the Refunded 2010D Pool BABs and the Refunded 2010C Pool Bonds. In addition, if the SVP-Finance, or his designee, in consultation with the appropriate officers at UNC Wilmington, determine that it is in the best interest of UNC Wilmington, the 2020A Bonds may be structured as a private placement with a financial institution under the terms and conditions determined by the SVP-Finance, or his designee, in consultation with the appropriate officers at UNC Wilmington.

Section 2. **Sufficiency of Available Funds.** That the Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the Bonds.

Section 3. **Selection of Underwriters and other Financing Team Members.** That the Board ratifies the selection of the Underwriters for the Bonds and authorizes the SVP-Finance, in consultation with the appropriate officers at UNC Wilmington, to select co-managing underwriters for the 2019B Bonds and the 2020A Bonds, if necessary or desirable, and any other professionals necessary to undertake the financing as contemplated in this Resolution.

Section 4. **Authorization of Board Documents.** That the form and content of the Board Documents 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, the SVP-Finance, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System, or anyone acting in an interim capacity, individually and collectively (the "Authorized Officers"), be and they hereby are each authorized, empowered and directed 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 to them seem necessary, desirable or appropriate, their 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 Board Documents the Authorized Officers are each 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 Board Documents as executed.

Section 5. ***Authorization of Purchase Agreements.*** That the Chairman of the Board, the President of the UNC System and the SVP-Finance, individually or collectively, be and they hereby are each authorized, empowered and directed to execute and deliver the 2019B Bonds Purchase Agreement and the 2020A Bonds Purchase Agreement (collectively, the "*Purchase Agreements*") for and on behalf of the Board, including necessary counterparts, in a form and substance consistent with the terms of this Resolution and that from and after the execution and delivery of the Purchase Agreements the Authorized Officers are each 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 Purchase Agreements as executed.

Section 6. ***Authorization of Preliminary Official Statements and Official Statements.*** That the form, terms and content of the 2019B Bonds Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the 2019B Bonds Preliminary Official Statement by the Underwriters in connection with the sale of the 2019B Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the 2019B Bonds Official Statement for and on behalf of the Board in substantially the form and content of the 2019B Bonds Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the 2019B Bonds Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. The use of the 2019B Preliminary Official Statement and the 2019B Bonds Official Statement by the Underwriters in connection with the sale of the 2019B Bonds with investors is hereby authorized, approved and confirmed.

That the form, terms and content of the 2020A Bonds Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the 2020A Bonds Preliminary Official Statement by the Underwriters in connection with the sale of the 2020A Bonds is hereby in all respects authorized, approved, ratified and confirmed. The President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, be and they hereby are each authorized, empowered and directed to deliver the 2020A Bonds Official Statement for and on behalf of the Board in substantially the form and content of the 2020A Bonds Preliminary Official Statement presented to the Board, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution of the 2020A Bonds Purchase Agreement to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. If the President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, determine that the inclusion of additional updated information is necessary for use in the public offering and settlement of the 2020A Bonds, the President of the UNC System and the SVP-Finance, or their respective designees, individually or collectively, are in all respects authorized, empowered and directed to update the 2020A Bonds Official Statement (the "*Updated 2020A Bonds Official Statement*") and to execute and deliver the Updated Official Statement, but with such changes, modifications, additions or deletions to the 2020A Bonds Official Statement as they determine necessary, desirable or appropriate, the delivery thereof to constitute conclusive evidence of the Board's

approval of any and all such changes, modifications, additions or deletions therein. The use of , the 2020A Bonds Preliminary Official Statement, the 2020A Bonds Official Statement and the Updated 2020A Bonds Official Statement by the Underwriters in connection with the sale of the 2020A Bonds with investors is hereby authorized, approved and confirmed.

Section 7. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are each 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 said 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 to the issuance and on-going administration of the Bonds. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions shall be read to permit such Authorized Officers to take the authorized actions either individually or collectively. The Chancellor and the Vice Chancellor of Business Affairs at UNC Wilmington, or their respective designees, individually or collectively, are hereby authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of UNC Wilmington.

Section 8. **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 9. **Effective Date.** This Resolution is effective immediately on the date of its adoption.

PASSED, ADOPTED, AND APPROVED this 20th day of September, 2019.

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 September 20, 2019, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on September 20, 2019 was sent to each member of the Board, and (3) a quorum was present at the meeting on September 20, 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