



MEETING OF THE BOARD OF GOVERNORS  
Committee on Budget and Finance

January 16, 2020 at 10:30 a.m.  
University of North Carolina System Office  
Center for School Leadership Development, Board Room  
Chapel Hill, North Carolina

## AGENDA

- A-1. Approval of the December 12, 2019 Minutes ..... Temple Sloan
- A-2. UNC System Internal Bank Presentation ..... Clinton Carter
- A-3. 2020-21 Tuition and Fee Proposals Presentation ..... Clinton Carter
- A-4. Capital Improvement Projects ..... Katherine Lynn
- A-5. Disposition of Property by Deed and by Ground Lease  
(Historic Warehouse District) – East Carolina University ..... Katherine Lynn and Sara Thorndike
- A-6. Disposition of Property by Ground Lease (Hotel) –  
East Carolina University ..... Katherine Lynn and Sara Thorndike
- A-7. Sale of Special Obligation Bonds – UNC School of the Arts ..... Clinton Carter
- A-8. Other Business ..... Temple Sloan
  - a. Capital Construction Task Force Update
- A-9. Adjourn

### Additional Information Available:

A-5. & A-6. East Carolina University Development Projects Presentation

## DRAFT MINUTES

December 12, 2019  
University of North Carolina System Office  
Center for School Leadership Development, Board Room  
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 by phone: R. Doyle Parrish, Darrell Allison, and W. Marty Kotis, III. The following members were absent: Carolyn Coward and Robert Rucho.

Chancellors participating were Chancellor Woodson and Chancellor Dubois.

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

---

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

The chair called the meeting to order at 10:00 a.m. on December 12, 2019, and called for a motion to approve the open session minutes of November 14, 2019.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the open session minutes of November 14, 2019, as distributed.

**Motion:** Darrell Allison

**Motion:** carried

### 2. Capital Improvement Projects – East Carolina University, NC State, UNC-Chapel Hill, UNC Charlotte, and UNC Greensboro (Item A-2)

Ms. Katherine Lynn presented prospective capital improvement projects to the committee for the following institutions: East Carolina University, NC State, UNC-Chapel Hill, UNC Charlotte, and UNC Greensboro. In total, nine capital improvement projects were considered, including three advance planning projects, three new projects for authority, and three increased authorization projects.

**MOTION:** Resolved, that the Committee on Budget and Finance approve the capital improvement projects for East Carolina University, NC State, UNC-Chapel Hill, UNC Charlotte, and UNC Greensboro and recommend them to the full Board of Governors for a vote through the consent agenda.

**Motion:** R. Doyle Parrish

**Motion:** carried

Mr. Kotis voted no, citing previously stated concerns about the capital projects approval process.

### **3. Other Business (Item A-3)**

Vice Chair Parrish, appointed by Chair Sloan to chair the task force, gave an update on the newly formed Capital Construction Task Force. The task force's kick-off call was held on Friday, December 6, 2019. During the call, the members identified areas that they would like to study. The task force will hold its next meeting in late January.

There being no further business, the meeting adjourned at 10:16 a.m.

---

Carolyn Coward, Secretary

**AGENDA ITEM**

A-2. UNC System Internal Bank Presentation..... Clinton Carter

**Situation:** The UNC System has long pursued various avenues to increase efficiency of the process and to lower the borrowing costs of each of our constituent institutions as they secure debt financing for various capital and related projects on their campuses.

**Background:** The UNC System Internal Bank (SIB) would serve as an internal lender, exclusively to our constituent institutions, and would make loans available for various capital projects including energy savings projects, equipment and technology leasing, construction bridge loans, auxiliary-funded projects (housing, dining, parking, etc.), and other short-term, small capital projects. SIB would source and establish a fixed-rate, term or revolving bank loan from an independent commercial bank with plans to “re-lend” out those proceeds to constituent institutions in smaller denominations and for projects as previously described. All future constituent internal loans would be pledged as the sole source of collateral for repayment of the UNC System loan with the independent commercial bank. Preliminary discussions with potential external lenders have centered on a proposed loan amount of \$100 million at a fixed rate for a five-, seven-, or ten-year term. Final loan details are still to be determined and will be brought back to the Board of Governors for consideration and any necessary approval.

**Assessment:** The internal bank concept (also referred to as central bank, capital bank, internal bank, or internal lending programs) has been effectively used by other multi-campus universities and large private universities to reduce the overall institutional borrowing cost, create greater economies of scale, and reduce institutional workforce requirements. The internal bank would streamline many of our current approval processes, significantly decrease time required to access funds, and provide for more predictable interest rates. Additionally, the internal bank could potentially provide as much as \$1.0 million savings annually in reduced interest expense, per \$100 million loan tranche.

**Action:** This item is for information only.



# ***UNC SYSTEM INTERNAL BANK***

***January 16, 2020***

## ***Internal Bank***

- For years, the UNC System has considered various ways to try to lend its (hypothetical) credit rating down to the lower-rated institutions to no avail
  - State Aid Intercept Program
  - Springing-Lien Concept
- Internal Bank Concept
  - UNC System acts as a bank to constituent Institutions at prevailing rates, essentially replacing an existing private placement lender
  - UNC System sources funds:
    - Revolving Bank Loan – with future internal loans pledged as the sole source of collateral for repayment (no explicit guarantee from the UNC System; however, a moral obligation would certainly be implied)
      - ◆ Preliminary discussions – multiple banks interested, indicative terms for a \$100 million revolving loan product
      - ◆ Unsecured (pledged loans as sole asset), no financial covenants
      - ◆ Indicative terms: Fixed rates at 5, 7 or 10-yr. terms (currently in 2.1%-2.7% range)



## ***Internal Bank***

- Types of Loans (capital projects only)
  - Energy-savings projects
  - Equipment and technology leasing
  - Construction bridge loans
  - Auxiliary-funded projects (Housing, Dining, Parking, etc.)
  - Other short-term or small-ticket loans
- Loan Underwriting
  - Up to \$15-20 million outstanding (maximum exposure per institution)
  - 5 to 7-year term optimal with P&I payments throughout term
  - Interest rate at ~25bps above cost (indicative all-in rates in the 2.4%-2.6% range)
  - All projects would still require traditional approvals (BOG and/or Legislature)
- Stream-lined approval process from UNC System, funds in 3 business days
- Predictable interest rates (published quarterly, fixed rates/terms)
- More efficient funds disbursement (eliminates capitalized interest)



## ***Internal Bank***

- Potential \$1.0 - \$2.0 million savings annually (per \$100 million loan tranche)
  - Targeted all-in institutional rate (after UNC System ~25bps spread) of 2.4%-2.6%
    - Potential 1.0% interest rate reduction from the current institutional borrowing cost
    - Additional savings from reduction of capitalized interest, greater economies of scale, reduced institutional workforce requirements
- Frequently referred to in other states as
  - Central Bank, Capital Bank, Internal Bank, Internal Lending Program
- Other State Examples
  - Most of the large multi-campus universities (Washington, Rutgers, Ohio St, UVA)
  - Most of the large independents (R2 or larger) that utilize the RCM budget method
    - RCM – Responsibility Centered Management – Individual Profit/Loss by College
  - Most of the large privates (the Ivys, Emory, Vandy, Carnegie Mellon)
    - Privates and RCM-users tend to focus on internal working capital purposes and re-investment of idle, excess cash reserves for their internal bank uses
  - Few State Systems have effectively utilized due to weakest link problem (same problem at UNC System)



## Internal Bank

### ■ Credit Considerations

- UNC System likely to use a private placement without ratings (direct bank loan)
- No expected credit impact to UNC System or any affiliated institutions (at \$100 million level), although future expansions (\$200 million +) could be impactful

### ■ Impact to State of North Carolina

- No expected credit impact to the State (at \$100 million borrowing level), although an extended program (\$500 million +) could have implications
- Should discuss further with State Treasurer/OSBM

### ■ Potential Worst-Case Scenarios

- Default at an institution – mitigated through debt service reserve fund, through forced System-intercept of available funds and short-term loan duration (< 7 yrs)
- Timing of debt service payments – need to match bank loan repayment to institutional loan repayments
- Lending throughput volume – mitigated if sourced bank loan on a draw schedule (only pay interest on funds outstanding)



## Indicative Pricing







Tenor	Indicative Current Rate	Spread to Treasury	UNC System Rate	UNC Spread	UNC Institution Rate
1 Year	1.56%	0.33%	1.89%	0.25%	2.14%
3 Years	1.56%	0.43%	1.99%	0.25%	2.24%
5 Years	1.60%	0.54%	2.14%	0.25%	2.39%
7 Years	1.72%	0.62%	2.34%	0.25%	2.59%
10 Years	1.81%	0.87%	2.68%	0.25%	2.93%

- With long-dated U.S. Treasuries nearing all-time lows and a flattened yield curve, indicative pricing for UNC System in the 2.1% - 2.7% range, fixed rate

- UNC System would charge ~25bps above its fixed term debt cost (UNC spread)

QUESTIONS?

CONNECT  [www.northcarolina.edu](http://www.northcarolina.edu)  [uncsystem](https://www.facebook.com/uncsystem)  [@UNC\\_system](https://twitter.com/UNC_system)  [@UNC\\_system](https://www.instagram.com/UNC_system)





## AGENDA ITEM

A-3. 2020-21 Tuition and Fee Proposals Presentation ..... Clinton Carter

- Situation:** Campus tuition and fee proposals are presented for the Board's review. The Board will take action during the March meeting on recommendations for tuition and fee rates for the 2020-21 academic year.
- Background:** G.S. 116-143 requires that the Board of Governors fix the tuition and fees, not inconsistent with the actions of the General Assembly, at the constituent institutions of the University of North Carolina System.
- Assessment:** Institutions have submitted 2020-21 tuition and fee proposals in accordance with legislative and UNC System guidelines.
- Action:** This item is for discussion only.

# 2020-21 TUITION AND FEE PROPOSALS

*BOG Committee on Budget and Finance*

*January 16, 2020*

## *Presentation Outline*

---

- Background and Context
- Historical Tuition and Fee Averages
- 2020-21 Tuition and Fee Proposals
- Summary of 2020-21 Proposals  
Compared with 2019-20 Rates
- Estimated Cost of Attendance for 2020-21

## ***Background and Context***

3

## ***Background and Context***

---

- “The General Assembly shall provide that the benefits of the University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”

– *NC Constitution – Article IX, Section 9*

- “The Board shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions . . . in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance. . . .”

– *G.S. 116-143*

4

## Background and Context

### ■ 2020-21 Guidance from the UNC System:

- A tuition increase up to 3% will be considered for resident undergraduates.
- Combined tuition and fee rates for undergraduate residents shall remain in the bottom quartile of an institution's public peers.
- Rates for nonresident undergraduate students should be market driven and reflect the full cost of providing nonresidents with a quality education.
- Graduate and professional schools shall continue to establish rates consistent with each program's unique market and academic requirements.
- Mandatory student fee increases are capped at 3%. All fee increase proposals must be accompanied by an expenditure plan, including a description of why alternative sources or expenditure reductions are insufficient for addressing the needs of the fee-supported activity.
- No new special fees or increases to existing fees are allowed.

## Background and Context

### Timeline for the 2020-21 Tuition & Fee Process

September 2019	The System Office provides guidance for the 2020-21 tuition and fee process to Chancellors, Chief Academic Officers, and Chief Finance Officers.
September 2019	Tuition and fee instructions, consistent with the Board's policy, are sent to the institutions.
September through November 2019	Institutions hold tuition and fee committee meetings to discuss potential rate increases. Committees are comprised of faculty, staff, and students. Student forums are held to discuss proposed rate changes with the student body. A student involvement certificate is required from each campus.
October through December 2019	Institutions finalize tuition and fee proposals and submit to their Board of Trustees for approval.
Early December 2019	Chancellors submit tuition and fee requests for 2020-21 to the System Office.
December 2019 through February 2020	A tuition and fee committee within the System Office is established with representatives from Finance, Academic Affairs, Audit, and IT Divisions. The committee reviews tuition and fee requests.
January 2020	Campus tuition and fee proposals are presented at the Board meeting. Tuition and fee detailed information is also provided to Board members after this meeting.
February 2020	A workshop is held to allow for further discussion of tuition and fee proposals.
March 2020	Board of Governors consider tuition and fee proposals for 2020-21.

## Background and Context

### Recent Policy Actions by Board and Legislature to Address Affordability

- Bottom-Quartile Requirement for Resident Undergraduates
- Guaranteed (Fixed) Tuition Program
- Cap on Tuition at 12 Credit Hours
- 3% Cap on Mandatory Student Fee Increases
- Implementation of NC Promise (ECSU, UNCP, WCU)
- 15% Cap on Need-Based Aid from Tuition Revenue
- Strategic Plan Affordability Goal: limits tuition increases to no more than the increase in median household income

## Tuition and Fees Comparison to Board-Approved Peers

Undergraduate Students		
Institution	Resident Rank	Nonresident Rank
ASU	19 of 19	9 of 19
ECU	18 of 19	9 of 19
ECSU	16 of 16	15 of 16
FSU	17 of 17	12 of 17
NC A&T	16 of 18	12 of 18
NCCU	16 of 17	10 of 17
NCSU	16 of 17	16 of 17
UNCA	14 of 15	6 of 15
UNC-CH	11 of 11	9 of 11
UNCC	16 of 18	12 of 18
UNCG	17 of 19	11 of 19
UNCP	19 of 19	18 of 19
UNCW	18 of 18	14 of 18
UNCSA	13 of 14	13 of 14
WCU	18 of 18	18 of 18
WSSU	16 of 17	16 of 17

Institutions are meeting the Board's requirement for undergraduate resident tuition to remain in the lowest quartile of public peer institutions.

Rank was determined by comparing 2018-19 tuition and fees of UNC System campuses to 2018-19 tuition and fees of their public peer institutions.

*UNCSA's comparison includes public and private institutions.*

Source: IPEDS

## 2018-19 Tuition and Fees Variance % from 75<sup>th</sup> Percentile

# of Peers	Peer Ranking	Institution	Undergraduate Resident Tuition & Fees	Variance % from 75th Percentile
19	19	ASU	\$7,214	-14.8%
19	18	ECU	7,018	-23.4%
16	16	ECSU	3,194	-136.7%
17	17	FSU	5,250	-41.6%
18	16	NCA&T	6,506	-21.6%
17	16	NCCU	6,348	-10.3%
17	16	NC State	8,896	-18.7%
15	14	UNCA	7,003	-17.1%
11	11	UNC-CH	8,758	-21.1%
18	16	UNCC	6,854	-16.7%
19	17	UNCG	7,219	-24.3%
19	19	UNCP	3,417	-100.8%
18	18	UNCW	7,001	-26.4%
14	13	UNCSA	8,912	-29.6%
18	18	WCU	3,788	-101.4%
17	16	WSSU	5,814	-35.3%
Avg. ALL Institutions			\$6,449	-40.0%
Avg. Excluding NC Promise			\$7,138	-23.1%

■ *Guidance requires that all universities remain in the bottom quartile when compared to their undergraduate resident peers.*

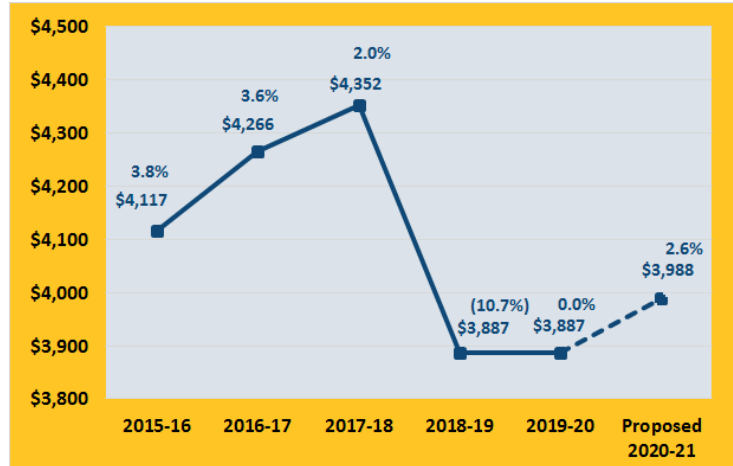
■ *Almost half of the universities are last in their peer ranking.*

■ *Institutions could increase by an average of \$1,623 (23.1%) and still remain in the bottom quartile.*

## Historical Tuition and Fee Averages

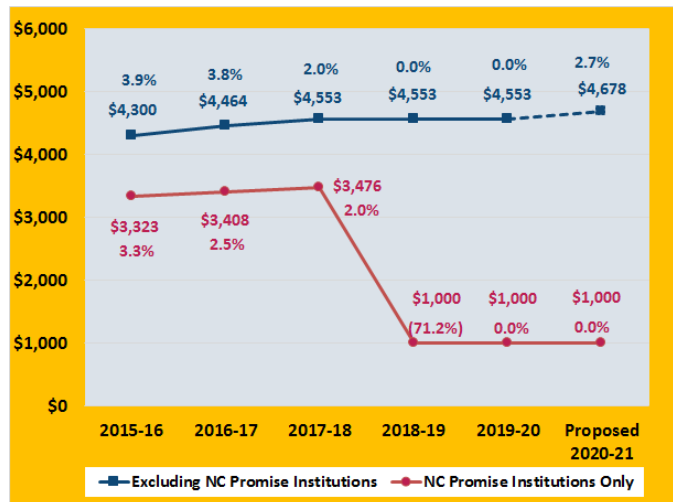
## Historical Tuition Averages

### UNC System Average Undergraduate Resident Tuition



## Historical Tuition Averages

### UNC System Average Undergraduate Resident Tuition



## Historical Tuition and Fee Averages

Academic Year	Average Increases		
	Undergraduate Resident Tuition	Undergraduate Nonresident Tuition	Mandatory Fees
2015-16	3.8%	2.6%	5.2%
2016-17	3.6%	2.6%	4.7%
2017-18	2.0%	2.0%	2.8%
2018-19 *	0.0%	0.9%	1.3%
2019-20	0.0%	1.1%	2.0%
2020-21	2.6%	1.5%	2.4%

\* In 2018-19, NC Promise was implemented for ECSU, UNCP, and WCU. The percentages shown above for undergraduate resident and nonresident tuition do not include these campuses. The actual percentage calculation for 2018-19 (with all campuses) is -10.7% for residents and -9.3% for nonresidents.

## 2020-21 Tuition Proposals



## 2020-21 Tuition Proposals (UG Resident)

Institution	2019-20 Tuition	2020-21 Rate Change	2020-21 Proposed Rates	%
NCSU	\$6,535.00	\$163.00	\$6,698.00	2.5%
UNC-CH	7,019.00	211.00	7,230.00	3.0%
ECU	4,452.00	134.00	4,586.00	3.0%
NC A&T	3,540.00	106.00	3,646.00	3.0%
UNCC	3,812.00	114.00	3,926.00	3.0%
UNCG	4,422.00	133.00	4,555.00	3.0%
UNCW	4,443.00	133.29	4,576.29	3.0%
ASU	4,242.00	129.00	4,371.00	3.0%
FSU	2,982.00	75.00	3,057.00	2.5%
NCCU	3,728.00	0.00	3,728.00	0.0%
WSSU	3,401.00	102.00	3,503.00	3.0%
UNCA	4,122.00	124.00	4,246.00	3.0%
UNCSA	6,497.00	194.00	6,691.00	3.0%
<b>Average</b>	<b>4,553.46</b>	<b>124.48</b>	<b>4,677.95</b>	<b>2.7%</b>
ECSU	2,856.00	85.68	2,941.68	3.0%
UNCP	3,602.00	108.00	3,710.00	3.0%
WCU	3,971.00	119.00	4,090.00	3.0%



Approximately \$1.8M in appropriations will be needed to replace the amount of lost UG Resident tuition receipts for the NC Promise institutions.

15

## 2020-21 Tuition Proposals (UG Nonresident)

Institution	2019-20 Tuition	2020-21 Rate Change	2020-21 Proposed Rates	%
NCSU	\$26,654.00	\$ 800.00	\$27,454.00	3.0%
UNC-CH	34,198.00	1,026.00	35,224.00	3.0%
ECU	20,729.00	0.00	20,729.00	0.0%
NC A&T	17,050.00	50.00	17,100.00	0.3%
UNCC	17,246.00	114.00	17,360.00	0.7%
UNCG	19,581.00	588.00	20,169.00	3.0%
UNCW	18,508.00	555.24	19,063.24	3.0%
ASU	19,049.00	580.00	19,629.00	3.0%
FSU	14,590.00	0.00	14,590.00	0.0%
NCCU	16,435.00	0.00	16,435.00	0.0%
WSSU	13,648.00	205.00	13,853.00	1.5%
UNCA	21,470.00	124.00	21,594.00	0.6%
UNCSA	23,040.00	194.00	23,234.00	0.8%
<b>Average</b>	<b>20,169.08</b>	<b>325.86</b>	<b>20,494.94</b>	<b>1.6%</b>
ECSU	16,000.00	480.00	16,480.00	3.0%
UNCP	15,193.00	456.00	15,649.00	3.0%
WCU	14,364.00	119.00	14,483.00	0.8%



Approximately \$530K in appropriations will be needed to replace the amount of lost UG Nonresident tuition receipts for the NC Promise institutions.

16

## 2020-21 Tuition Proposals (Grad Resident)

Institution	2019-20 Tuition	2020-21 Rate Change	2020-21 Proposed Rates	%
NCSU	\$9,095.00	\$227.00	\$9,322.00	2.5%
UNC-CH	10,552.00	317.00	10,869.00	3.0%
ECU	4,749.00	0.00	4,749.00	0.0%
NC A&T	4,745.00	0.00	4,745.00	0.0%
UNCC	4,337.00	130.00	4,467.00	3.0%
UNCG	5,219.00	157.00	5,376.00	3.0%
UNCW	4,719.00	141.57	4,860.57	3.0%
ASU	4,839.00	147.00	4,986.00	3.0%
FSU	3,437.97	86.03	3,524.00	2.5%
NCCU	4,740.00	95.00	4,835.00	2.0%
UNCP	4,280.00	128.00	4,408.00	3.0%
WCU	4,435.00	0.00	4,435.00	0.0%
WSSU	3,872.00	116.00	3,988.00	3.0%
UNCA	4,914.00	0.00	4,914.00	0.0%
ECSU	3,375.43	0.00	3,375.43	0.0%
UNCSA	9,196.00	194.00	9,390.00	2.1%
<b>Average</b>	<b>5,406.59</b>	<b>108.66</b>	<b>5,515.25</b>	<b>2.0%</b>

## 2020-21 Tuition Proposals (Grad Nonresident)

Institution	2019-20 Tuition	2020-21 Rate Change	2020-21 Proposed Rates	%
NCSU	\$26,421.00	\$1,057.00	\$27,478.00	4.0%
UNC-CH	28,278.00	317.00	28,595.00	1.1%
ECU	17,898.00	0.00	17,898.00	0.0%
NC A&T	17,545.00	0.00	17,545.00	0.0%
UNCC	17,771.00	130.00	17,901.00	0.7%
UNCG	18,937.00	568.00	19,505.00	3.0%
UNCW	18,548.00	556.44	19,104.44	3.0%
ASU	18,271.00	557.00	18,828.00	3.0%
FSU	14,503.38	0.00	14,503.38	0.0%
NCCU	17,694.00	354.00	18,048.00	2.0%
UNCP	16,343.18	490.82	16,834.00	3.0%
WCU	14,842.00	0.00	14,842.00	0.0%
WSSU	13,987.00	210.00	14,197.00	1.5%
UNCA	21,236.00	0.00	21,236.00	0.0%
ECSU	16,437.13	0.00	16,437.13	0.0%
UNCSA	23,203.00	194.00	23,397.00	0.8%
<b>Average</b>	<b>18,869.67</b>	<b>277.14</b>	<b>19,146.81</b>	<b>1.5%</b>

## 2020-21 Tuition Proposals

### Estimated Revenues Generated by Tuition Increases

*(does not include buy-down tuition increase revenue for NC Promise institutions)*

<u>Undergraduate</u>	<b>2020-21</b>
<b>Residents</b>	
(new students)	<b>\$5,659,433</b>
<b>Nonresidents</b>	<b>\$7,819,246</b>
<u>Graduate</u>	
<b>Residents</b>	<b>\$3,837,094</b>
<b>Nonresidents</b>	<b>\$4,824,729</b>
<b>Total</b>	<b>\$22,140,502</b>

*Proposed Uses: Inflationary Adjustments, Faculty & Staff Retention, Expanded Institutional Opportunities, Student Services, Academic Support, Libraries, Technology Improvements, Need-based Aid, Merit-based Aid, and Graduate Assistantships.*

## 2020-21 Fee Proposals

## 2020-21 Fee Proposals

### Mandatory Fees

- Athletics
- Health Services
- Student Activities
- Educational and Technology
- Campus Security
- Debt Service *(Debt Service fees are subject to the 3% cap and are addressed by the Board when approving capital projects paid from non-appropriated sources.)*
- Association of Student Governments (\$1)

## 2020-21 Fee Proposals

### Determining Mandatory Fees

- Institutions rely entirely on student fees to finance a number of activities, services, and facilities.
- Fees differ from tuition in several important ways:
  - Fees are identical for resident and nonresident students.
  - The direct operational expenses of student activities are supported entirely from fee revenues without any direct state appropriations.
- Authority to spend fee revenue is held by the campus or campus program for which the fee was established.

## ***2020-21 Fee Proposals***

---

### **■ Who Pays Mandatory Fees?**

- **All students (residents, nonresidents, undergraduates, graduates, summer school students)**
- **Fees are pro-rated for part-time students**
- **Distance education students pay subset of mandatory fees (education and technology, campus security, and association of student government)**

### **■ UNC Policy Guides Use of All Student Fees (mandatory and special fees)**

- **“Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses...”**

## ***2020-21 Fee Proposals***

---

### **Factors that Influence Fees**

- **Fixed cost increases (salaries, retirement, and health plan)**
- **Economies of scale**
- **Financial condition of the enterprise**
- **Must be used for the purpose for which the fee is authorized**

## 2020-21 Mandatory Fee Proposals

Campus	2019-20 Mandatory Fees	2020-21 Rate Change	2020-21 Proposed Fees	%
NCSU	\$2,360.60	\$ 19.75	\$2,380.35	0.8%
UNC-CH	1,732.46	32.63	1,765.09	1.9%
ECU	2,617.00	77.00	2,694.00	2.9%
NC A&T	3,010.81	85.00	3,095.81	2.8%
UNCC	3,094.00	93.00	3,187.00	3.0%
UNCG	2,866.00	77.00	2,943.00	2.7%
UNCW	2,634.44	70.53	2,704.97	2.7%
ASU	3,008.00	90.00	3,098.00	3.0%
FSU	2,328.00	70.00	2,398.00	3.0%
NCCU	2,690.21	75.00	2,765.21	2.8%
UNCP	2,489.76	30.00	2,519.76	1.2%
WCU	2,836.00	68.00	2,904.00	2.4%
WSSU	2,463.16	73.00	2,536.16	3.0%
UNCA	2,966.50	89.00	3,055.50	3.0%
ECSU	2,259.69	67.75	2,327.44	3.0%
UNCSA	2,415.00	0.00	2,415.00	0.0%
<b>Average</b>	<b>2,610.73</b>	<b>63.60</b>	<b>2,674.33</b>	<b>2.4%</b>

## 2020-21 Fee Proposals (Athletics)

*Athletics fee revenue supports:*

- Scholarships
- Salaries
- Travel
- Maintenance of athletic facilities
- Operation of athletic facilities

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$232.00	\$ 0.00	\$232.00	0.0%
UNC-CH	279.00	0.00	279.00	0.0%
ECU	773.00	50.00	823.00	6.5%
NC A&T	870.00	19.00	889.00	2.2%
UNCC	824.00	14.00	838.00	1.7%
UNCG	780.00	13.45	793.45	1.7%
UNCW	774.55	25.70	800.25	3.3%
ASU	783.00	30.00	813.00	3.8%
FSU	768.00	10.00	778.00	1.3%
NCCU	847.00	33.00	880.00	3.9%
UNCP	771.52	35.00	806.52	4.5%
WCU	782.00	24.00	806.00	3.1%
WSSU	780.00	0.00	780.00	0.0%
UNCA	855.00	19.00	874.00	2.2%
ECSU	899.31	32.89	932.20	3.7%
UNCSA	N/A	N/A	N/A	N/A
<b>Average</b>	<b>734.56</b>	<b>20.40</b>	<b>754.96</b>	<b>2.8%</b>

## 2020-21 Fee Proposals (Health Services)

### Health Services fee revenue supports:

- Health and medical services and supplies for students
- Maintenance and operation of health centers
- Salaries associated with health center operations

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$407.00	\$ 0.00	\$407.00	0.0%
UNC-CH	400.15	10.00	410.15	2.5%
ECU	263.00	0.00	263.00	0.0%
NC A&T	338.50	0.00	338.50	0.0%
UNCC	247.00	40.00	287.00	16.2%
UNCG	310.00	22.55	332.55	7.3%
UNCW	219.00	0.00	219.00	0.0%
ASU	325.00	0.00	325.00	0.0%
FSU	247.00	40.00	287.00	16.2%
NCCU	312.66	0.00	312.66	0.0%
UNCP	205.49	0.00	205.49	0.0%
WCU	314.00	0.00	314.00	0.0%
WSSU	267.00	25.00	292.00	9.4%
UNCA	368.00	20.00	388.00	5.4%
ECSU	265.23	18.57	283.80	7.0%
UNCSA	882.00	0.00	882.00	0.0%
<b>Average</b>	<b>335.69</b>	<b>11.01</b>	<b>346.70</b>	<b>3.3%</b>

## 2020-21 Fee Proposals (Student Activities)

### Student Activities fee revenue supports:

- Maintenance and operation of student unions and intramural facilities
- Student organizations
- Newspapers, yearbooks, and entertainment programs

The rates shown are for undergraduate students. NCCU and UNC-CH charge different rates for graduate students.

A portion (\$17) of UNC-CH's proposed increase is pending outcome of a student referendum in February to confirm widespread student support for the on-campus makerspaces.

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$679.32	\$ 9.35	\$688.67	1.4%
UNC-CH	394.16	25.19	419.35	6.4%
ECU	702.00	17.00	719.00	2.4%
NC A&T	714.25	47.00	761.25	6.6%
UNCC	650.00	20.00	670.00	3.1%
UNCG	577.00	13.90	590.90	2.4%
UNCW	698.95	12.00	710.95	1.7%
ASU	659.00	25.00	684.00	3.8%
FSU	565.00	0.00	565.00	0.0%
NCCU	501.40	0.00	501.40	0.0%
UNCP	697.84	19.00	716.84	2.7%
WCU	632.00	44.00	676.00	7.0%
WSSU	545.70	20.00	565.70	3.7%
UNCA	791.50	14.00	805.50	1.8%
ECSU	738.15	(0.01)	738.14	(0.0%)
UNCSA	748.00	0.00	748.00	0.0%
<b>Average</b>	<b>643.39</b>	<b>16.65</b>	<b>660.04</b>	<b>2.6%</b>

## 2020-21 Fee Proposals (Ed & Tech)

**Educational and Technology fee revenues support:**

- *Specialized instructional supplies and services*
- *Scientific and information technology equipment*

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$439.28	\$0.00	\$439.28	0.0%
UNC-CH	442.30	(2.56)	439.74	(0.6%)
ECU	403.00	10.00	413.00	2.5%
NC A&T	469.06	19.00	488.06	4.1%
UNCC	622.00	14.00	636.00	2.3%
UNCG	461.00	19.15	480.15	4.2%
UNCW	534.94	12.83	547.77	2.4%
ASU	576.00	25.00	601.00	4.3%
FSU	382.00	18.00	400.00	4.7%
NCCU	428.15	42.00	470.15	9.8%
UNCP	543.91	0.00	543.91	0.0%
WCU	544.00	0.00	544.00	0.0%
WSSU	416.46	28.00	444.46	6.7%
UNCA	527.00	35.00	562.00	6.6%
ECSU	326.00	16.30	342.30	5.0%
UNCSA	754.00	0.00	754.00	0.0%
<b>Average</b>	<b>491.82</b>	<b>14.80</b>	<b>506.61</b>	<b>3.0%</b>

## 2020-21 Fee Proposals (Campus Security)

**Campus Security fee revenues support:**

- *Title IX Coordinators*
- *Campus Security Officers*
- *On-Campus Investigators*

*A portion (\$4) of the fee is transferred to the UNC System Office to support onsite active shooter training for campuses, as well as campus safety and emergency operations personnel.*

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$30.00	\$10.40	\$40.40	34.7%
UNC-CH	30.00	0.00	30.00	0.0%
ECU	30.00	0.00	30.00	0.0%
NC A&T	30.00	0.00	30.00	0.0%
UNCC	30.00	5.00	35.00	16.7%
UNCG	30.00	7.95	37.95	26.5%
UNCW	30.00	20.00	50.00	66.7%
ASU	30.00	10.00	40.00	33.3%
FSU	30.00	2.00	32.00	6.7%
NCCU	30.00	0.00	30.00	0.0%
UNCP	30.00	10.00	40.00	33.3%
WCU	30.00	0.00	30.00	0.0%
WSSU	30.00	0.00	30.00	0.0%
UNCA	30.00	1.00	31.00	3.3%
ECSU	30.00	0.00	30.00	0.0%
UNCSA	30.00	0.00	30.00	0.0%
<b>Average</b>	<b>30.00</b>	<b>4.15</b>	<b>34.15</b>	<b>13.8%</b>



## 2020-21 Fee Proposals (Debt Service)

**Debt service fee revenue supports:**

- *Cost of principal and interest for self-liquidating capital projects approved by the Board of Governors and the General Assembly*

**Approval process for self-liquidating projects:**

- *Authorization of the project by the Board of Governors*
- *Self-liquidating bill approved by legislature*
- *Approval of the debt issuance by the Board of Governors*

Institution	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
NCSU	\$572.00	\$0.00	\$572.00	0.0%
UNC-CH	185.85	0.00	185.85	0.0%
ECU	445.00	0.00	445.00	0.0%
NC A&T	588.00	0.00	588.00	0.0%
UNCC	720.00	0.00	720.00	0.0%
UNCG	707.00	0.00	707.00	0.0%
UNCW	376.00	0.00	376.00	0.0%
ASU	634.00	0.00	634.00	0.0%
FSU	335.00	0.00	335.00	0.0%
NCCU	570.00	0.00	570.00	0.0%
UNCP	240.00	(34.00)	206.00	(14.2%)
WCU	523.00	0.00	523.00	0.0%
WSSU	423.00	0.00	423.00	0.0%
UNCA	394.00	0.00	394.00	0.0%
ECSU	0.00	0.00	0.00	0.0%
UNCSA	0.00	0.00	0.00	0.0%
<b>Average</b>	<b>419.55</b>	<b>(2.13)</b>	<b>417.43</b>	<b>(0.5%)</b>

## 2020-21 Fee Adjustments (Special Fees)

Institution	Special Fee	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
UNCW	Doctorate of Nursing Practice Residency	500.00	(500.00)	0.00	(100.0%)

*UNCW is changing the DNP program from a post-masters to a post-baccalaureate program in 2020-21 and the residency experience is being eliminated.*

## 2020-21 Fee Proposals (Application Fees)

Institution	Application Fee	2019-20 Rate	2020-21 Rate Change	2020-21 Proposed Rate	%
UNCG	Undergraduate	\$ 65.00	\$15.00	\$ 80.00	23.1%
UNCSA	High School/Undergraduate/Graduate	95.00	5.00	100.00	5.3%
UNCSA	International Students	130.00	5.00	135.00	3.8%

*Application fees are charged to individuals submitting applications for admission as students to the UNC System to offset the cost of handling applications and to provide funds for recruiting students.*

## Summary of 2020-21 Proposals Compared with 2019-20 Rates

## Summary of 2020-21 Fee Proposals

		2020-21 Proposed Mandatory Fee Changes								
	2019-20 Mandatory Fees							2020-21 Total Fees	\$ Change	% Change
Institution		Athletics	Health Services	Student Activities	Ed & Tech	Campus Security	Debt Service			
NCSU	\$2,360.60	\$ 0.00	\$ 0.00	\$ 9.35	\$ 0.00	\$10.40	\$ 0.00	\$2,380.35	\$19.75	0.8%
UNC-CH	1,732.46	0.00	10.00	25.19	(2.56)	0.00	0.00	1,765.09	32.63	1.9%
ECU	2,617.00	50.00	0.00	17.00	10.00	0.00	0.00	2,694.00	77.00	2.9%
NC A&T	3,010.81	19.00	0.00	47.00	19.00	0.00	0.00	3,095.81	85.00	2.8%
UNCC	3,094.00	14.00	40.00	20.00	14.00	5.00	0.00	3,187.00	93.00	3.0%
UNCG	2,866.00	13.45	22.55	13.90	19.15	7.95	0.00	2,943.00	77.00	2.7%
UNCW	2,634.44	25.70	0.00	12.00	12.83	20.00	0.00	2,704.97	70.53	2.7%
ASU	3,008.00	30.00	0.00	25.00	25.00	10.00	0.00	3,098.00	90.00	3.0%
FSU	2,328.00	10.00	40.00	0.00	18.00	2.00	0.00	2,398.00	70.00	3.0%
NCCU	2,690.21	33.00	0.00	0.00	42.00	0.00	0.00	2,765.21	75.00	2.8%
UNCP	2,489.76	35.00	0.00	19.00	0.00	10.00	(34.00)	2,519.76	30.00	1.2%
WCU	2,836.00	24.00	0.00	44.00	0.00	0.00	0.00	2,904.00	68.00	2.4%
WSSU	2,463.16	0.00	25.00	20.00	28.00	0.00	0.00	2,536.16	73.00	3.0%
UNCA	2,966.50	19.00	20.00	14.00	35.00	1.00	0.00	3,055.50	89.00	3.0%
ECSU	2,259.69	32.89	18.57	(0.01)	16.30	0.00	0.00	2,327.44	67.75	3.0%
UNCSA	2,415.00	N/A	0.00	0.00	0.00	0.00	0.00	2,415.00	0.00	0.0%
Avg. Inc.	2,610.73	20.40	11.01	16.65	14.80	4.15	(2.13)	2,674.33	63.60	2.4%
Avg. Fee		754.96	346.70	660.04	506.61	34.15	417.43			

## Summary of 2020-21 UG Resident Proposals

2020-21 Proposed Changes						
Institution	2019-20 Total Tuition and Fees	Tuition Change	Fee Change	Total Tuition and Fees	\$ Change	% Change
NCSU	\$8,895.60	\$163.00	\$ 19.75	\$9,078.35	\$182.75	2.1%
UNC-CH	8,751.46	211.00	32.63	8,995.09	243.63	2.8%
ECU	7,069.00	134.00	77.00	7,280.00	211.00	3.0%
NC A&T	6,550.81	106.00	85.00	6,741.81	191.00	2.9%
UNCC	6,906.00	114.00	93.00	7,113.00	207.00	3.0%
UNCG	7,288.00	133.00	77.00	7,498.00	210.00	2.9%
UNCW	7,077.44	133.29	70.53	7,281.26	203.82	2.9%
ASU	7,250.00	129.00	90.00	7,469.00	219.00	3.0%
FSU	5,310.00	75.00	70.00	5,455.00	145.00	2.7%
NCCU	6,418.21	0.00	75.00	6,493.21	75.00	1.2%
UNCP	3,489.76	0.00	30.00	3,519.76	30.00	0.9%
WCU	3,836.00	0.00	68.00	3,904.00	68.00	1.8%
WSSU	5,864.16	102.00	73.00	6,039.16	175.00	3.0%
UNCA	7,088.50	124.00	89.00	7,301.50	213.00	3.0%
ECSU	3,259.69	0.00	67.75	3,327.44	67.75	2.1%
UNCSA	8,912.00	194.00	0.00	9,106.00	194.00	2.2%
Average	6,497.91	101.14	63.60	6,662.66	164.75	2.5%

## Summary of 2020-21 UG Nonresident Proposals

2020-21 Proposed Changes						
Institution	2019-20 Total Tuition and Fees	Tuition Change	Fee Change	Total Tuition and Fees	\$ Change	% Change
NCSU	\$29,014.60	\$ 800.00	\$19.75	\$29,834.35	\$ 819.75	2.8%
UNC-CH	35,930.46	1,026.00	32.63	36,989.09	1,058.63	2.9%
ECU	23,346.00	0.00	77.00	23,423.00	77.00	0.3%
NC A&T	20,060.81	50.00	85.00	20,195.81	135.00	0.7%
UNCC	20,340.00	114.00	93.00	20,547.00	207.00	1.0%
UNCG	22,447.00	588.00	77.00	23,112.00	665.00	3.0%
UNCW	21,142.44	555.24	70.53	21,768.21	625.77	3.0%
ASU	22,057.00	580.00	90.00	22,727.00	670.00	3.0%
FSU	16,918.00	0.00	70.00	16,988.00	70.00	0.4%
NCCU	19,125.21	0.00	75.00	19,200.21	75.00	0.4%
UNCP	7,489.76	0.00	30.00	7,519.76	30.00	0.4%
WCU	7,836.00	0.00	68.00	7,904.00	68.00	0.9%
WSSU	16,111.16	205.00	73.00	16,389.16	278.00	1.7%
UNCA	24,436.50	124.00	89.00	24,649.50	213.00	0.9%
ECSU	7,259.69	0.00	67.75	7,327.44	67.75	0.9%
UNCSA	25,455.00	194.00	0.00	25,649.00	194.00	0.8%
<b>Average</b>	<b>19,935.60</b>	<b>264.77</b>	<b>63.60</b>	<b>20,263.97</b>	<b>328.37</b>	<b>1.6%</b>

**Estimated Cost of  
Attendance for 2020-21**

## Estimated Cost of Attendance for 2020-21 (for regular full-time undergraduate resident)

Institution	Total Resident Tuition & Mandatory Fees	Books & Supplies(1)	Room(2)	Board(3)	Other Expenses(4)	Total Cost of Attendance
NCSU	\$9,078	\$1,082	\$6,340	\$4,320	\$2,676	\$23,496
UNC-CH	8,995	972	6,876	4,860	2,694	24,397
ECU	7,280	1,490	6,155	4,038	3,550	22,513
NC A&T	6,742	1,600	4,509	3,725	2,300	18,876
UNCC	7,113	1,250	6,760	4,250	3,640	23,013
UNCG	7,498	1,000	5,626	3,588	2,222	19,934
UNCW	7,281	1,126	5,935	3,756	3,460	21,558
ASU	7,469	700	4,666	2,892	2,700	18,427
FSU	5,455	420	5,065	4,279	2,387	17,606
NCCU	6,493	1,500	5,354	4,349	3,484	21,180
UNCP	3,520	1,505	5,095	4,276	3,296	17,692
WCU	3,904	511	5,140	4,387	2,617	16,559
WSSU	6,039	1,300	6,049	3,872	2,652	19,912
UNCA	7,302	1,200	5,610	4,340	2,400	20,852
ECSU	3,327	850	5,798	3,426	2,231	15,632
UNCSA	9,106	1,305	4,954	4,502	2,390	22,257
<b>Average</b>	<b>6,663</b>	<b>1,113</b>	<b>5,621</b>	<b>4,054</b>	<b>2,794</b>	<b>20,244</b>

(1) Books and Supplies reflect 2019-20 data and can vary in amounts due to book rental plans at some campuses.

(2) Room rates represent standard room – double occupancy.

(3) Board rates represent full meal plan.

(4) Other Expenses (transportation and other personal costs) reflect 2019-20 data.

THANK YOU

**AGENDA ITEM**

A-4. Capital Improvement Projects – East Carolina University, Fayetteville State University, NC State, UNC-Chapel Hill, and NC School of Science and Mathematics..... Katherine Lynn

- Situation:** Five UNC System institutions have requested a total of five capital improvement projects: two projects for advance planning and three 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:** East Carolina University, Fayetteville State University, NC State, UNC-Chapel Hill, and NC School of Science and Mathematics 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 – East Carolina University, Fayetteville State University, NC State, UNC-Chapel Hill, and NC School of Science and Mathematics

### 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 five UNC System institutions that have requested a total of five capital improvement projects: two for advance planning and three projects for increased authorization.

### I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
1.	Varsity Drive Parking Lot Expansion	\$5,500,000	-	\$550,000	Transportation Receipts
<i>NC State Subtotal</i>		<i>\$5,500,000</i>	<i>\$0</i>	<i>\$550,000</i>	
<b>University of North Carolina at Chapel Hill</b>					
2.	McColl Addition & Renovation	\$150,020,000	\$1,000,000	\$5,200,000	Donations and Gifts
<i>UNC-Chapel Hill Subtotal</i>		<i>\$150,020,000</i>	<i>\$1,000,000</i>	<i>\$5,200,000</i>	

### III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>East Carolina University</b>					
3.	Main Campus – Replacement Condensate Line Between Manholes RC-10 and RC-45	\$1,827,774	\$1,707,774	\$120,000	Carry-forward
<i>ECU Subtotal</i>		<i>\$1,827,774</i>	<i>\$1,707,774</i>	<i>\$120,000</i>	
<b>Fayetteville State University</b>					
4.	Lyons Science Comprehensive Renovation	\$12,000,000	\$11,000,000	\$1,000,000	R&R
<i>FSU Subtotal</i>		<i>\$12,000,000</i>	<i>\$11,000,000</i>	<i>\$1,000,000</i>	
<b>North Carolina School of Science and Mathematics</b>					
5.	NC School of Science and Math - Western Campus	\$81,367,000	\$73,000,000	\$8,367,000	Donations and Gifts
<i>NCSSM Subtotal</i>		<i>\$81,367,000</i>	<i>\$73,000,000</i>	<i>\$8,367,000</i>	
<b>Grand Total</b>		<b>\$250,714,774</b>	<b>\$86,707,774</b>	<b>\$15,237,000</b>	

### RECOMMENDATION

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

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



## AGENDA ITEM

- A-5. Disposition of Property by Deed and Ground Lease  
(Historic Warehouse District) – East Carolina University ..... Katherine Lynn and Sara Thorndike

<b>Situation:</b>	The Board of Trustees of East Carolina University requests the disposition of three historic warehouse properties located on the Millennial Campus by deed, through an Estate for Years transaction, with a reversionary clause after 80 years. The transaction would provide an option to extend by ground lease for 19 additional years. The transaction would permit a private developer to renovate the existing historic building and to be eligible to receive the federal and state historic tax credits.
<b>Background:</b>	<p>East Carolina University acquired three buildings located in the historic warehouse district: the Export Leaf Tobacco Warehouse, the Hughes Warehouse, and the American Tobacco Storage. ECU secured a North Carolina Historic Mill Rehabilitation tax credit, which is transferrable to a private developer, but which will sunset on January 1, 2023. The properties are eligible for additional federal historic tax credits. The estimated cost of renovating the initial property, the Export Leaf Tobacco Warehouse, is approximately \$20 million. The value of the tax credit is estimated at \$6 million, which can be used by the private developer to offset the cost of renovation.</p> <p>ECU proposes to dispose of the three properties to the private developer by deed for \$2,684,000. The deed includes a provision to revert the property to ECU after 80 years, and an option to ground lease the property to the developer for 19 years. The terms of the ground lease would be negotiated in Year 70 and will be based on fair market value as determined by the parties at that time. ECU has agreed to lease 10,000 SF at \$19.50/SF for a minimum of 5 years. The Export Leaf Building will be ready for occupancy no later than January 1, 2023.</p>
<b>Assessment:</b>	The disposition of the three properties by deed with an optional ground lease is recommended to support the redevelopment of the warehouse district of the Millennial Campus.
<b>Action:</b>	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 Deed and Ground Lease (Historic Warehouse District) – East Carolina University

### ISSUE OVERVIEW

East Carolina University requests the disposition of the three historic warehouse properties located on the Millennial Campus by deed, through an Estate for Years transaction, with a reversionary clause after 80 years. The transaction will include an option to extend by ground lease for 19 additional years. The properties included in the transaction are as follow:

Export Leaf Tobacco Warehouse	301 West 10 <sup>th</sup> Street	2.01 acres	75,000 SF
Hughes Warehouse	1003 Clark Street	0.5 acres	30,639 SF
American Tobacco Storage	1104 Clark Street	<u>0.5 acres</u>	<u>12,000 SF</u>
TOTAL		3.0 acres	117,639 SF

The three properties will be sold for \$2,684,000, which is the appraised value of the property plus \$250,000. The lease rates for the ground lease option will be negotiated in Year 70.

ECU purchased the properties in 2003 and secured a North Carolina Historic Mill Rehabilitation tax credit. The tax credit is transferrable to a private developer and will sunset on January 1, 2023. ECU issued two RFPs to develop the properties and received three proposals on the second RFP. ECU selected Elliot Sidewalk's proposal as the most financially viable. The private developer proposes to renovate the Export Leaf Tobacco Warehouse first and the estimated cost of renovation is \$20 million. The historic tax credit is valued at approximately \$6 million. In addition, ECU has agreed to lease 10,000 SF of the renovated building space at \$19.50/SF for a minimum of five years.

East Carolina acquired the Export Leaf Tobacco Warehouse in 2003. The building is a 70,000 SF, one-story industrial warehouse located at 301 West Tenth Street in Greenville, NC. The property is 2.01 acres and is on the Millennial Campus.

The disposition was approved on December 13, 2019, by the Board of Trustees of East Carolina University.

### RECOMMENDATION

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



# ECU Property Transaction Reference



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

Institution or Agency: East Carolina University

Date: December 13, 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)*. Deed

This disposition is recommended for the following reasons:

**ECU Properties, known as the Export Leaf Tobacco Building, Prichard Hughes Warehouse, and American Tobacco Company Storage Warehouse #2 are within ECU's Millennial Warehouse Campus and are a part of Greenville's National Historic Tobacco District. ECU plans to sell via a deed with reversionary interest to Elliott Sidewalk Communities. The properties will revert back to ECU after 80 years. ECU has secured NC Historic Mill Rehabilitation Tax Credits that can be transferred with the sale of the property to create a public/private partnership. Elliott Sidewalk Communities will redevelop the properties which will lead to the revitalization of the neighborhood.**

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

**Dispose of properties at**

- 1. 301 West Tenth Street, Greenville, NC. Property sites a ±70,000 SF one-story brick building that built in 1914 that is in declining state. The property was acquired by ECU in 2003.**

(next page->)

Estimated value: \$2,684,000

Where deed is filed, if known: Pitt County

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

\_\_\_\_\_

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


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

**ECU's Millennial Campus Account**

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

Action recommending the above request was taken by the Governing Board of Trustees and is recorded in the minutes thereof on December 13, 2019.

Signature:

  
**Chancellor**

- 2. 1003 Clark Street, Greenville, NC. Property sites a ±19,000 SF two-story frame building that was built in 1905. The property was acquired by ECU in 2003.**
- 3. 1104 Clark Street, Greenville, NC. Property sites a ±12,315 SF one-story brick building that was built in 1905. The property was acquired by ECU in 2003.**



**AGENDA ITEM**

## A-6. Disposition of Property by Ground Lease (Hotel) –

East Carolina University..... Katherine Lynn and Sara Thorndike

- Situation:** The Board of Trustees of East Carolina University requests the disposition of real property by ground lease for the purpose of developing a 125-room hotel. The hotel will be located on the Millennial Campus on East Fourth Street.
- Background:** East Carolina University proposes to enter into a 65-year ground lease with a 34-year option to renew for the purpose of developing a 125-room hotel. ECU would lease the property in Years 1 and 2 at the rate of \$87,500. The rate decreases to \$65,000 in Years 3-65. The ground lease would include a provision for the university for revenue sharing beginning in Year 4, with the bonus equal to 8% of the hotel room revenue that exceeds \$4.4M when the average annual occupancy rate is at least 68%.
- Assessment:** The disposition of the property by ground lease is required to support the development of a hotel on the Millennial 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 Ground Lease (Hotel) – East Carolina University**

### **ISSUE OVERVIEW**

East Carolina University requests the disposition by ground lease of 2.95 acres located at East Fourth Street for the purpose of developing a hotel. The initial ground lease is for 65 years with an option to renew for an additional 34 years. The property is currently used as a parking lot, which will be relocated prior to the start of construction.

ECU will ground lease the property for \$87,500 per year in Years 1 and 2, and \$65,000 for Years 3 – 65. In addition, ECU is negotiating a provision for revenue sharing beginning in Year 4, with the bonus equal to 8% of the portion of the hotel room revenue that exceeds \$4.4M when the average annual occupancy rate is at least 68%.

ECU issued a Request for Information in Summer 2019 and received proposals from two developers. ECU selected the developer Daly Seven and has executed a Letter of Intent. Construction on the hotel is projected to begin late 2021.

The disposition by ground lease was approved on December 13, 2019 by the Board of Trustees of East Carolina University.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve the disposition of property.

# Millennial Campus – Hotel





**AGENDA ITEM**

A-7. Sale of Special Obligation Bonds – UNC School of the Arts .....Clinton Carter

- Situation:** University of North Carolina School of the Arts (UNCSA) requests that the Board of Governors issue special obligation bonds (the “2020 Bonds”) in an amount not to exceed \$46,000,000 for the purpose of constructing, equipping, and furnishing a new residence hall on UNCSA’s campus, and not to exceed an additional 5% of such principal amount to pay the costs incurred in connection with the issuance of the 2020 Bonds.
- Background:** The Board of Governors is authorized to issue special obligation bonds for capital improvements projects that have been approved by the General Assembly. The General Assembly authorized the new residence hall project under S.L. 2019-124 (H.B. 402).
- Assessment:** In connection with the 2020 Bonds, UNCSA expects a credit rating in the “A” category from at least one of the major credit rating agencies. As UNCSA has no outstanding special obligation bonds, UNCSA does not have any existing credit ratings.
- 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 – UNC School of the Arts**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds and bond anticipation notes 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.

University of North Carolina School of the Arts (UNCSA) requests that the Board issue special obligation bonds (the “2020 Bonds”) in an amount not to exceed \$46,000,000 to finance the construction, equipping, and furnishing of a new residence hall on UNCSA’s campus, and not to exceed an additional 5% of such principal amount to pay the costs incurred in connection with the issuance of the 2020 Bonds. The 2020 Bonds will be sold on a negotiated basis to Wells Fargo Bank, N.A., which was selected through a competitive RFP process. The General Assembly authorized the new residence hall project under S.L. 2019-124 (H.B. 402).

In connection with the 2020 Bonds, UNCSA expects a credit rating in the “A” category from at least one of the major credit rating agencies. As UNCSA has no outstanding special obligation bonds, UNCSA does not have any existing credit ratings. Parker Poe Adams & Bernstein LLP is bond counsel, and First Tryon Advisors is the financial advisor.

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 SCHOOL OF THE ARTS**

**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 and affiliated institutions of the UNC System;

**WHEREAS**, the Board is authorized by Chapter 116D of the General Statutes of North Carolina (the “Act”) to issue special obligation bonds to pay all or any part of the cost of a special obligation bond project, and to fund or refund any bonds previously issued by the Board to finance facilities designated as a special obligation bond project;

**WHEREAS**, University of North Carolina School of the Arts (“UNCSA”) has requested the Board to issue University of North Carolina School of the Arts General Revenue Bonds (with appropriate descriptions and series designations) in one or more series in an aggregate principal amount not to exceed \$46,000,000, 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 construction, equipping and furnishing of a residence hall on UNCSA’s campus as authorized by S.L. 2019-124 of the 2019 Session Laws of the North Carolina General Assembly (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 Sessions Laws of the General Assembly of North Carolina (the “Bonds”);

**WHEREAS**, the Board has determined to issue the Bonds under the General Trust Indenture dated as of February 1, 2020 (the “General Indenture”) between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and Series Indenture, Number 1 (the “First Series Indenture”) between the Board and the Trustee;

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

**WHEREAS**, Wells Fargo Bank, National Association (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 Underwriter;

**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 First Series Indenture;

3. the Purchase Agreement;
4. 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
5. the Bonds in the form provided in the First 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 Special Obligation Bond Project in compliance with Section 116D-23 of the Act;

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

**Section 1. Authorization of Bonds.** The Board authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$46,000,000 under the General Indenture and the First Series Indenture to finance the Special Obligation 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 Sessions Laws of the General Assembly of North Carolina. 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*"), in consultation with the appropriate officers at UNCSA, determine to be in the best interest of the UNC System and UNCSA.

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

**Section 3. Selection of Underwriter and other Financing Team Members.** The Board ratifies the selection of the Underwriter for the Bonds and authorizes the SVP-Finance, in consultation with the appropriate officers at UNCSA, to select any other professionals necessary to undertake the financing as contemplated in this Resolution.

**Section 4. Authorization of Board Documents.** The form and content of the Board Documents are in all respects authorized, approved and confirmed. 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 Senior Associate Vice President and Secretary of The UNC System (the "*Authorized Officers*") 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. From and after the execution and delivery of the Board Documents, the Authorized Officers are each 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.*** The Chair of the Board, the President of the UNC System and the SVP-Finance 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. 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.*** The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed. The use of the Preliminary Official Statement by the Underwriter in connection with the sale of the Bonds is in all respects authorized, approved, ratified and confirmed. The President of The UNC System and the SVP-Finance 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 delivery of the Official Statement to constitute conclusive evidence of the Board's approval of any such changes, modifications, additions or deletions therein. The use of the Official Statement by the Underwriter in connection with the sale of the Bonds is in all respects 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. The Chancellor and the Vice Chancellor of Administration and Finance for UNCSCA are authorized to execute and deliver all documents as may be necessary to the issuance and on-going administration of the Bonds on behalf of UNCSCA. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions will apply to the respective designees of the Authorized Officers, including any person serving in an interim capacity, and will be read to permit such persons to take the authorized actions either individually or collectively.

**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, superseded and repealed.

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

*PASSED, ADOPTED, AND APPROVED* this 17th day of January, 2020.

STATE OF NORTH CAROLINA

)

)

SS:

)

COUNTY OF ORANGE

SECRETARY'S CERTIFICATE  
OF AUTHENTICATION

I, Meredith M Steadman, Assistant Vice President and Secretary of The University of North Carolina System, *DO HEREBY CERTIFY* that (1) the foregoing is a full, true and correct copy of the approving resolution adopted by the Board of Governors of The University of North Carolina System at its meeting on January 17, 2020 and appearing in the minutes of such meeting, (2) notice of the meeting of the Board of Governors of the University of North Carolina System held on January 17, 2020 was sent to each member of the Board, and (3) a quorum was present at the meeting on January 17, 2020 at which time the foregoing Resolution was adopted.

**WITNESS**, my hand and the seal of The University of North Carolina System this \_\_\_\_ day of \_\_\_\_\_, 2020.

[SEAL]

---

Assistant Vice President and Secretary of  
The University of North Carolina System